UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-40819

Toast, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**45-4168768**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
333 Summer Street **Boston, Massachusetts**	**02210**
(Address of principal executive offices)	(Zip code)

(617) 297-1005

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value of $0.000001 per share	TOST	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying

with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. □

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes □ No ☒

The registrant had outstanding 519 million shares of Class A common stock and 62 million shares of Class B common stock as of October 30, 2026.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations, financial condition, business strategy, plans and objectives of management for future operations, our market opportunity and the potential growth of that market, our liquidity and capital needs and other similar matters, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would,” or the negative of these words or other similar terms or expressions. These forward-looking statements are based on management’s current expectations and assumptions about future events, which are inherently subject to uncertainties, risks, and changes in circumstances that are difficult to predict. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements concerning the following:

- our future financial performance, including our profitability, revenue, costs of revenue or expenses, or other operating results;
- our ability to successfully execute our business and growth strategy;
- anticipated trends and growth rates in our business and in the markets in which we operate;
- our ability to effectively manage our growth and future expenses;
- our anticipated investments in sales and marketing and research and development;
- our ability to maintain the security and availability of our platform;
- our ability to increase the number of customers using our platform;
- our ability to retain, and to sell additional products and services to, our existing customers;
- our ability to successfully expand in our existing markets and into new markets;
- our expectations concerning relationships with third parties;
- our estimated total addressable market;
- our ability to compete effectively with existing competitors and new market entrants;
- the attraction and retention of qualified employees and key personnel and the impacts of any restructuring activities;
- the impact of our share repurchase program;
- our ability to maintain, protect and enhance our intellectual property;
- our ability to comply with modified or new laws and regulations applying to our business;
- our ability to successfully defend litigation brought against us and resolve regulatory investigations or inquiries;
- our ability to prevent and successfully remediate material weaknesses, if any, in internal controls over financial reporting;
- the impact of global financial, economic, political, and health events, such as U.S. presidential administration-related changes, fluctuations in inflation and interest rates, capital market disruptions, tariffs, sanctions, or economic slowdowns or recessions, on our business and the industries we serve;
- our ability to source, finance, and integrate companies and assets that we have or may acquire; and
- the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors listed or described from time to time in our filings with the Securities and Exchange Commission, or the SEC, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 and this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe such information provides a reasonable basis for such statements, such information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TOAST, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in millions, except for number of shares and par value)

	September 30, 2026	December 31, 2025
Assets:		
Current assets:		
Cash and cash equivalents	$ 1,203	$ 1,353
Marketable securities	682	638
Accounts receivable, net	141	127
Inventories, net	244	114
Other current assets	547	437
Total current assets	2,817	2,669
Property, equipment and right-of-use assets, net	153	132
Intangible assets, net	10	14
Goodwill	113	113
Restricted cash	76	71
Other non-current assets	207	146
Total non-current assets	559	476
Total assets	$ 3,376	$ 3,145
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	$ 51	$ 47
Deferred revenue	76	68
Accrued expenses and other current liabilities	933	854
Total current liabilities	1,060	969
Other long-term liabilities	29	52
Total liabilities	1,089	1,021
Commitments and Contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, par value $0.000001 per share; 100 million shares authorized; no shares issued or outstanding	—	—
Common stock, par value $0.000001 per share: Class A - 7,000 million shares authorized; 517 million and 523 million shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively Class B - 700 million shares authorized; 63 million and 66 million shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Accumulated other comprehensive income (loss)	(4)	2
Additional paid-in capital	3,104	3,384
Accumulated deficit	(813)	(1,262)
Total stockholders' equity	2,287	2,124
Total liabilities and stockholders' equity	$ 3,376	$ 3,145

The accompanying notes are an integral part of these condensed consolidated financial statements.

TOAST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue:				
Subscription services	$ 317	$ 244	$ 875	$ 680
Financial technology solutions	1,619	1,345	4,512	3,703
Hardware and professional services	45	44	132	137
Total revenue	1,981	1,633	5,519	4,520
Costs of revenue:				
Subscription services	67	67	191	197
Financial technology solutions	1,239	1,032	3,461	2,855
Hardware and professional services	130	101	357	295
Amortization of acquired intangible assets	2	1	4	3
Total costs of revenue	1,438	1,201	4,013	3,350
Gross profit	543	432	1,506	1,170
Operating expenses:				
Sales and marketing	171	144	493	418
Research and development	103	102	309	277
General and administrative	98	102	271	260
Restructuring expenses	6	—	6	8
Total operating expenses	378	348	1,079	963
Operating income	165	84	427	207
Other income:				
Interest income, net	12	13	36	36
Change in fair value of warrant liability	(1)	7	6	2
Income before taxes	176	104	469	245
Income tax (expense) benefit	(7)	1	(20)	(4)
Net income	$ 169	$ 105	$ 449	$ 241
Earnings per share:				
Basic	$ 0.29	$ 0.18	$ 0.77	$ 0.42
Diluted	$ 0.29	$ 0.16	$ 0.74	$ 0.39
Weighted-average shares used in computing earnings per share:				
Basic	579	585	581	580
Diluted	592	609	595	606

The accompanying notes are an integral part of these condensed consolidated financial statements.

TOAST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 169	$ 105	$ 449	$ 241
Other comprehensive income (loss):				
Unrealized gains (losses) on marketable securities, net of tax effect of $0	(2)	1	(5)	1
Currency translation adjustments	—	—	(1)	3
Total other comprehensive income (loss)	(2)	1	(6)	4
Comprehensive income	$ 167	$ 106	$ 443	$ 245

The accompanying notes are an integral part of these condensed consolidated financial statements.

TOAST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in millions)

Three Months Ended September 30, 2026

	Preferred Stock		Class A and B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances at June 30, 2026	—	$ —	577	$ —	$ 3,029	$ (982)	$ (2)	$ 2,045
Issuance of common stock under equity plans	—	—	3	—	18	—	—	18
Stock-based compensation	—	—	—	—	52	—	—	52
Issuance of common stock in connection with charitable contribution	—	—	—	—	5	—	—	5
Other comprehensive loss, net of tax	—	—	—	—	—	—	(2)	(2)
Net income	—	—	—	—	—	169	—	169
Balances at September 30, 2026	—	$ —	580	$ —	$ 3,104	$ (813)	$ (4)	$ 2,287

TOAST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in millions)

Three Months Ended September 30, 2025

	Preferred Stock		Class A and B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances at June 30, 2025	—	$ —	581	$ —	$ 3,284	$ (1,468)	$ 2	$ 1,818
Issuance of common stock under equity plans	—	—	7	—	38	—	—	38
Stock-based compensation	—	—	—	—	69	—	—	69
Share repurchases	—	—	(1)	—	(23)	—	—	(23)
Issuance of common stock in connection with charitable contribution	—	—	—	—	6	—	—	6
Other comprehensive income, net of tax	—	—	—	—	—	—	1	1
Net income	—	—	—	—	—	105	—	105
Balances at September 30, 2025	—	$ —	587	$ —	$ 3,374	$ (1,363)	$ 3	$ 2,014

The accompanying notes are an integral part of these condensed consolidated financial statements.

TOAST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in millions)

Nine Months Ended September 30, 2026

	Preferred Stock		Class A and B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances at December 31, 2025	—	$ —	589	$ —	$ 3,384	$ (1,262)	$ 2	$ 2,124
Issuance of common stock under equity plans	—	—	10	—	35	—	—	35
Stock-based compensation	—	—	—	—	166	—	—	166
Share repurchases	—	—	(19)	—	(486)	—	—	(486)
Issuance of common stock in connection with charitable contribution	—	—	—	—	5	—	—	5
Other comprehensive loss, net of tax	—	—	—	—	—	—	(6)	(6)
Net income	—	—	—	—	—	449	—	449
Balances at September 30, 2026	—	$ —	580	$ —	$ 3,104	$ (813)	$ (4)	$ 2,287

TOAST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited)
(in millions)

Nine Months Ended September 30, 2025

	Preferred Stock		Class A and B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balances at December 31, 2024	—	$ —	572	$ —	$ 3,150	$ (1,604)	$ (1)	$ 1,545
Issuance of common stock under equity plans	—	—	17	—	78	—	—	78
Stock-based compensation	—	—	—	—	194	—	—	194
Share repurchases	—	—	(2)	—	(54)	—	—	(54)
Issuance of common stock in connection with charitable contribution	—	—	—	—	6	—	—	6
Other comprehensive income, net of tax	—	—	—	—	—	—	4	4
Net income	—	—	—	—	—	241	—	241
Balances at September 30, 2025	—	$ —	587	$ —	$ 3,374	$ (1,363)	$ 3	$ 2,014

The accompanying notes are an integral part of these condensed consolidated financial statements.

TOAST, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited) (in millions)

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities:		
Net income	$ 449	$ 241
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34	48
Stock-based compensation expense	158	186
Amortization of deferred contract acquisition costs	74	73
Credit loss expense	87	66
Stock-based charitable contribution expense	5	6
Other non-cash items	(2)	5
Changes in operating assets and liabilities:		
Accounts receivable, net	(32)	(20)
Other current assets	(31)	(22)
Deferred contract acquisition costs	(148)	(109)
Inventories, net	(131)	14
Accounts payable	3	11
Accrued expenses and other current liabilities	5	(23)
Deferred revenue	8	6
Other assets and liabilities	(5)	(15)
Net cash provided by operating activities	474	467
Cash flows from investing activities:		
Capital expenditures	(48)	(37)
Purchases of marketable securities	(457)	(371)
Proceeds from the sale of marketable securities	115	135
Maturities of marketable securities	296	253
Purchases of loans classified as held for investment	(145)	—
Proceeds from repayments of loans classified as held for investment	67	—
Net cash (used in) investing activities	(172)	(20)
Cash flows from financing activities:		
Payment of issuance costs of the revolving credit facility	—	(3)
Change in customer funds obligations, net	1	49
Proceeds from issuance of common stock	35	78
Cash paid to repurchase Class A common stock	(486)	(54)
Net cash provided by (used in) financing activities	(450)	70
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	3
Net increase (decrease) in cash, cash equivalents, cash held on behalf of customers and restricted cash	(150)	520
Cash, cash equivalents, cash held on behalf of customers and restricted cash at beginning of period	1,583	1,085
Cash, cash equivalents, cash held on behalf of customers and restricted cash at end of period	$ 1,433	$ 1,605
Reconciliation of cash, cash equivalents, cash held on behalf of customers and restricted cash		
Cash and cash equivalents	1,203	1,357
Cash held on behalf of customers	154	172
Restricted cash	76	76
Total cash, cash equivalents, cash held on behalf of customers and restricted cash	$ 1,433	$ 1,605

The accompanying notes are an integral part of these condensed consolidated financial statements.

TOAST, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies

Toast, Inc. ("Toast," "we," or the "Company") is a global technology platform built for restaurant and retail businesses. From the busiest local restaurants and shops to large hospitality brands, Toast helps owners and operators manage their businesses more efficiently, drive guest demand, and build lasting success. Toast integrates software, agentic AI, payments, financial technology solutions, and hardware with a broad partner ecosystem. Powering billions of purchases throughout local commerce, Toast delivers the precision and innovation required for modern restaurant and retail environments.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP, and the rules and regulations of the Securities and Exchange Commission, or the SEC, regarding interim financial reporting.

The unaudited condensed consolidated financial statements include the Company's accounts and the accounts of its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly our financial position, results of operations, comprehensive income (loss), stockholders' equity, and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be expected for the full year ending December 31, 2026 or any other future interim periods.

The accompanying unaudited condensed consolidated financial statements reflect the application of certain significant accounting policies as described below and elsewhere in these notes to the unaudited condensed consolidated financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2025, or the 2025 Annual Report. As of September 30, 2026, there have been no material changes in our significant accounting policies from those that were disclosed in the Annual Report on Form 10-K, unless otherwise discussed below.

Certain reclassifications of prior period amounts were made in the current year to conform to the current period presentation. These reclassifications had no impact on the previously reported results of operations or cash flows for the periods presented.

2. Financial Instruments

The following table presents information about the Company's financial assets and liabilities that are measured at fair value on a recurring basis and indicates the level of the fair value hierarchy used to determine such fair values (in millions):

	September 30, 2026			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 787	$ —	$ —	$ 787
Commercial paper	—	99	—	99
Certificates of deposit	—	41	—	41
Corporate bonds	—	281	—	281
Treasury bonds	—	147	—	147
Asset-backed securities	—	114	—	114
	$ 787	$ 682	$ —	$ 1,469
Liabilities:				
Warrants to purchase common stock	$ —	$ —	$ 13	$ 13
	$ —	$ —	$ 13	$ 13

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Money market funds	$ 951	$ —	$ —	$ 951
Commercial paper	—	96	—	96
Certificates of deposit	—	23	—	23
Corporate bonds	—	261	—	261
U.S. government agency securities	—	7	—	7
Treasury bonds	—	134	—	134
Asset-backed securities	—	142	—	142
	$ 951	$ 663	$ —	$ 1,614
Liabilities:				
Warrants to purchase common stock	$ —	$ —	$ 19	$ 19
	$ —	$ —	$ 19	$ 19

During the nine months ended September 30, 2026 and 2025, there were no transfers into or out of Level 3 measurements within the fair value hierarchy.

The Company did not recognize any credit losses or non-credit-related impairments related to available-for-sale marketable debt securities for the nine months ended September 30, 2026 and 2025. Unrealized losses were immaterial and recognized in other comprehensive income (loss).

Marketable Securities

The fair values of the marketable securities by contractual maturities at September 30, 2026 were as follows (in millions):

	September 30, 2026
Due within 1 year	$ 383
Due after 1 year through 5 years	297
Due after 5 years	2
Total marketable securities	$ 682

Fair Value of Liabilities

The aggregate fair value of the common stock warrant liability, which is measured using Level 3 inputs, decreased from $19 million as of December 31, 2025 to $13 million as of September 30, 2026, resulting in a $6 million gain during the nine months ended September 30, 2026.

As of September 30, 2026, the maximum number of shares of the Company's common stock that could be required to be issued upon the exercise of outstanding warrants was 1 million.

3. Loan Servicing Activities

Changes in the contingent liability for expected credit losses for the three and nine months ended September 30, 2026 and 2025 were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Beginning balance	$ 53	$ 33	$ 46	$ 29
Credit loss expense	19	19	54	46
Reductions due to loan purchases	(12)	(12)	(40)	(35)
Ending balance	$ 60	$ 40	$ 60	$ 40

As of September 30, 2026 and December 31, 2025, the non-contingent stand-ready liability was $24 million and $18 million, respectively.

As of September 30, 2026 and December 31, 2025, $76 million and $71 million, respectively, were classified as restricted cash on the Condensed Consolidated Balance Sheets, representing cash held with commercial lending institutions. The restrictions are related to cash held as collateral pursuant to an agreement with the originating third-party bank for the working capital loans serviced by Toast Capital.

4. Loans Held for Investment

The Company purchases loans from its bank partner that are not delinquent at acquisition and for which the Company has the intent and ability to hold for the foreseeable future, until maturity or payoff. These loans are classified as held for investment and are included in other current assets on the Condensed Consolidated Balance Sheets. They are carried at amortized cost, net of an allowance for expected credit losses, which reflects estimated lifetime losses based on historical experience, current conditions, and reasonable and supportable forecasts. The Company recognizes income, including the effect of any premium or discount, over the life of these loans using the effective interest method.

As of September 30, 2026, loans held for investment, net, were $70 million, with an immaterial allowance for expected credit losses and interest income. There were no loans held for investment as of December 31, 2025.

The Company analyzes loans held for investment based on the aging of unpaid principal and the historical performance of vintage cohorts. These are the primary credit quality indicators in evaluating the allowance for expected credit losses and the delinquency status of the loan portfolio. As of September 30, 2026, there were no material delinquent loans.

5. Other Balance Sheet Information

Accounts Receivable, Net (in millions)

	September 30, 2026	December 31, 2025
Accounts receivable	$ 106	$ 103
Unbilled receivables	44	33
Less: Allowance for credit losses	(9)	(9)
Accounts receivable, net	$ 141	$ 127

Inventories, Net (in millions)

	September 30, 2026	December 31, 2025
Raw materials	$ 59	$ —
Finished goods	185	114
Total inventories, net	$ 244	$ 114

Other Current Assets (in millions)

	September 30, 2026	December 31, 2025
Cash held on behalf of customers	$ 154	$ 159
Deferred contract acquisition costs, current (Note 6)	112	98
Prepaid expenses	41	39
Other	240	141
Total other current assets	$ 547	$ 437

Accrued Expenses and Current Liabilities (in millions)

	September 30, 2026	December 31, 2025
Accrued transaction-based costs	$ 392	$ 368
Customer funds obligation	154	159
Accrued expenses	106	74
Accrued payroll and bonus	119	133
Contingent liability for expected credit losses	60	46
Other liabilities	102	74
Total accrued expenses and other current liabilities	$ 933	$ 854

6. Revenue from Contracts with Customers

The following table summarizes the activity in deferred revenue (in millions):

	Nine Months Ended September 30, 2026
Deferred revenue, beginning of period	$ 69
Deferred revenue, end of period	$ 76
Revenue recognized in the period from amounts included in deferred revenue at the beginning of period	$ 63

Deferred revenue, beginning of period, includes amounts classified within other long-term liabilities on our Consolidated Balance Sheets.

As of September 30, 2026, approximately $1,178 million of revenue is expected to be recognized from remaining performance obligations for customer contracts. The Company expects to recognize revenue of approximately $1,061 million from these remaining performance obligations over the next 24 months, with the balance recognized thereafter.

The following table summarizes the activity in deferred contract acquisition costs (in millions):

	Nine Months Ended September 30,	
	2026	2025
Beginning balance	$ 220	$ 172
Capitalization	148	106
Amortization	(74)	(73)
Ending balance	$ 294	$ 205

As of September 30, 2026, $112 million of deferred contract acquisition costs were recorded within other current assets with the remaining balance recorded within other non-current assets on the Condensed Consolidated Balance Sheet.

7. Stockholders' Equity

Stock-Based Compensation

Stock-based compensation expenses recognized for the three and nine months ended September 30, 2026 and 2025, were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 6	$ 9	$ 19	$ 27
Sales and marketing	12	15	38	43
Research and development	18	26	61	67
General and administrative	13	16	40	46
Restructuring expenses	—	—	—	3
Stock-based compensation expense	$ 49	$ 66	$ 158	$ 186

Stock Options

The following is a summary of stock option activity under the Company's stock option plans for the nine months ended September 30, 2026:

	Number of Shares (in millions)	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)[1]
Outstanding as of December 31, 2025	21	$ 11.84		
Granted	2	28.86		
Exercised	(3)	6.67		
Forfeited	—	28.30		
Outstanding as of September 30, 2026	20	$ 14.41		
Options vested and expected to vest as of September 30, 2026	19	$ 13.98	5.0	$ 293

[1] The aggregate intrinsic value was determined as the difference between the closing price of the Class A common stock on the last trading day of September 2026, or the date of exercise, as appropriate, and the exercise price, multiplied by the number of in-the-money options that would have been received by the option holders had all option holders exercised their in-the-money options at period end.

The aggregate intrinsic value of options exercised was $19 million and $70 million, respectively, during the three and nine months ended September 30, 2026.

As of September 30, 2026, total unrecognized stock-based compensation expense related to the options was $54 million and is expected to be recognized over the remaining weighted-average service period of 2.9 years.

Restricted Stock Units

The following table summarizes restricted stock units, or RSUs, activity during the nine months ended September 30, 2026:

	Number of Shares (in millions)	Weighted-Average Grant Date Fair Value (per share)
Outstanding balance as of December 31, 2025	15	$ 26.80
Granted	9	28.90
Vested	(6)	23.38
Forfeited	(2)	27.28
Outstanding balance as of September 30, 2026	16	$ 29.24
Expected to vest as of September 30, 2026	14	$ 28.95

The fair value of RSUs vested during the three and nine months ended September 30, 2026 was $60 million and $181 million, respectively.

As of September 30, 2026, total unrecognized stock-based compensation expense related to the RSUs was $343 million and is expected to be recognized over the remaining weighted-average service period of 3.0 years.

Share Repurchase Program

In February 2024, the Company announced the authorization of a share repurchase program for the repurchase of shares of Class A common stock, par value $0.000001 per share, in an aggregate amount of up to $250 million. On February 10, 2026, the Company's board of directors approved an increase of $500 million to the previously authorized share repurchase program for the repurchase of shares of Class A common stock. The repurchase program has no expiration date, does not obligate the Company to acquire any particular amount of Class A common stock, and may be suspended at any time at the Company's discretion. The timing and actual number of shares repurchased may depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

During the three months ended September 30, 2026, the Company did not repurchase any shares of its Class A common stock. During the nine months ended September 30, 2026, the Company repurchased $486 million of its Class A common stock. As of September 30, 2026, approximately $100 million remained authorized for repurchase under the share repurchase program.

Shares Reserved for Charitable Donations

In connection with the Company's participation in the Pledge 1% movement, during the year ended December 31, 2021, the Board approved reserving 5 million shares of Class A common stock that the Company may, but is not obligated to, issue over a certain period to fund the Company's social impact initiatives through Toast.org. During the three and nine months ended September 30, 2026, the Company recognized stock-based charitable contribution expenses of $5 million for the fair value of the donated shares. During the three and nine months ended September 30, 2025, the Company recognized stock-based charitable contribution expenses of $6 million for the fair value of the donated shares. Such expenses were recorded within general and administrative expenses in the Condensed Consolidated Statement of Operations.

8. Income Taxes

The Company computes the provision for income taxes by applying the estimated annual effective tax rate to year-to-date income before income taxes, and adjusts for discrete items in the period in which they occur.

The income tax expense (benefit) was $7 million and $(1) million for the three months ended September 30, 2026 and 2025, respectively, and $20 million and $4 million for the nine months ended September 30, 2026 and 2025, respectively. The effective tax rate for each period differs from the statutory rate primarily due to a full valuation allowance against the Company's U.S. net deferred tax assets, U.S. state income taxes, and foreign rate differential on profitable foreign jurisdictions.

As of September 30, 2026, the Company maintained a full valuation allowance against the U.S. net deferred tax assets as the amounts were not more-likely-than-not realizable. This determination is based on management's evaluation of all available positive and negative evidence, such as sustainability of recent profits and forecasts of future taxable income; a portion or all of the valuation allowance could be released in the next 12 months. The timing and amount of any such release remain uncertain.

9. Earnings Per Share

Basic earnings per share is determined by dividing net income by the weighted-average shares outstanding for the period. The Company analyzes the potential dilutive effect of stock options, RSUs, the employee stock purchase plan, and warrants to purchase common stock, during periods the Company generates net income, or when income is recognized related to changes in fair value of warrant liabilities.

Class A common stock and Class B common stock share proportionately, on a per share basis, in the Company's net income and participate equally in the dividends on common stock, if declared. The Company allocates net income attributable to common stock between the common stock classes on a one-to-one basis when computing earnings per share. As a result, basic and diluted earnings per share of Class A common stock and Class B common stock are equivalent.

The following table sets forth the calculation of earnings per share (in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income, basic	$ 169	$ 105	$ 449	$ 241
Less: Gain on change in fair value of warrant liabilities[1]	—	7	6	2
Net income, diluted	$ 169	$ 98	$ 443	$ 239
Denominator:				
Weighted-average shares of common stock outstanding - basic	579	585	581	580
Effect of dilutive securities:				
Warrants to purchase common stock[1]	—	1	—	1
Dilutive common share equivalents included in dilutive shares	13	23	14	25
Weighted-average shares of common stock outstanding - diluted	592	609	595	606
Earnings per share, basic	$ 0.29	$ 0.18	$ 0.77	$ 0.42
Earnings per share, diluted	$ 0.29	$ 0.16	$ 0.74	$ 0.39

[1] During the nine months ended September 30, 2026, the Company recorded a remeasurement gain of $6 million of the Company's warrant liability. During the three and nine months ended September 30, 2025, the Company recorded a remeasurement gain of $7 million and $2 million, respectively, of the Company's warrant liability. Remeasurement gains are excluded from the net income to adjust for the dilutive impact of the warrants. The Company adjusted the weighted-average shares outstanding for the incremental dilutive shares using the treasury stock method.

The following potential shares of common stock were excluded from the calculation of diluted earnings per share because their effect would have been anti-dilutive for the periods presented (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Options to purchase common stock	4	2	4	1
Unvested restricted stock units	2	—	5	—
Warrants to purchase common stock	1	—	—	—
Total	7	2	9	1

10. Segment Information

The Company has one reportable segment. The following table sets out the Company's measure of profit and significant segment expenses (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 1,981	$ 1,633	$ 5,519	$ 4,520
Costs of revenue[1]	(1,432)	(1,192)	(3,993)	(3,320)
Sales and marketing[1]	(158)	(129)	(452)	(372)
Research and development[1]	(85)	(73)	(245)	(204)
General and administrative[1]	(85)	(85)	(230)	(211)
Stock-based compensation and related payroll taxes	(50)	(70)	(166)	(198)
Other items[2]	(2)	21	16	26
Net income	$ 169	$ 105	$ 449	$ 241

[1] These expenses exclude stock-based compensation and related payroll taxes. Stock-based compensation and related payroll taxes are presented separately as an additional significant segment expense, which consists of both stock-based compensation (refer to Note 7, "Stockholders' Equity" for tabular disclosure of amounts included within other significant segment expenses) and the corresponding payroll taxes.
[2] Other items include restructuring expenses, interest income, net, change in fair value of warrant liability, and income tax (expense) benefit.

11. Commitments and Contingencies

Purchase Commitments

As of September 30, 2026, the Company's non-cancellable purchase obligations to hardware suppliers totaled $191 million, all of which is due within the next 12 months.

As of September 30, 2026, the Company's non-cancellable contractual commitments with cloud service providers and other vendors totaled $95 million, of which $79 million is due within the next 12 months and $16 million thereafter.

Legal Proceedings

The Company has been cooperating with the Federal Trade Commission (the "FTC") staff in response to a Civil Investigative Demand received in June 2025, seeking information regarding the marketing, sale, and operation of its restaurant operating systems and related customer-service offerings relative to the Federal Trade Commission Act (the "FTC Act"), the Gramm-Leach-Bliley Act, and the Restore Online Shoppers' Confidence Act ("ROSCA"). Following receipt of a draft complaint from the FTC in June 2026, the Company engaged in good-faith negotiations with the FTC, but these negotiations were unsuccessful. On October 29, 2026, the FTC, along with the states of Colorado, Florida, Illinois, Iowa, Nebraska, Oklahoma, and Utah, and the City of San Francisco and Los Angeles County, filed a complaint in the United States District Court for the Northern District of California against the Company alleging violations of Section 5 of the FTC Act, certain provisions of ROSCA, and analogous state statutes. The complaint seeks a permanent injunction, monetary relief in an unspecified amount, civil penalties, and other relief as determined by the court.

The Company strongly disagrees with the FTC's legal challenges to the Company's practices, policies, and procedures, including whether certain referenced laws apply to its type of business, and will vigorously defend its interests. However, the outcome of litigation is inherently uncertain. The defense or resolution of this matter, including any significant costs, penalties, remedies, and/or compliance requirements, could have a materially adverse impact on the Company's financial results and/or operations. At this stage, the Company is unable to estimate a reasonably possible financial loss or range of any potential financial loss, if any, as a result of this litigation.

In addition, from time to time, the Company may be involved in legal actions arising in the ordinary course of business. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably. The Company establishes accruals for losses that management deems to be probable and subject to reasonable estimates. The Company does not expect any of these claims with a reasonably possible adverse outcome to have a material impact, and, accordingly, has not accrued for any material claims.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with the unaudited condensed consolidated financial statements, and the related notes that are included elsewhere in this Quarterly Report on Form 10-Q, and with our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025. Some of the information contained in this discussion and analysis, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section titled "Special Note Regarding Forward-Looking Statements" and Item 1A. Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 and in this Quarterly Report on Form 10-Q, if applicable. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

Toast is a global technology platform built for restaurant and retail businesses. From the busiest local restaurants and shops to large hospitality brands, Toast helps owners and operators manage their businesses more efficiently, drive guest demand, and build lasting success. Toast integrates software, agentic AI, payments, financial technology solutions, and hardware with a broad partner ecosystem. Powering billions of purchases throughout local commerce, Toast delivers the precision and innovation required for modern restaurant and retail environments.

We define a live location, or Location, as a unique location that has used Toast Point of Sale, or POS, to record transaction volumes above a minimum threshold, and has not been marked as a churned location as of the date of determination. A Location can use Toast payment services, which we refer to as a Toast Processing Location, or for select enterprise customers, not use Toast's payment services, which we refer to as a Non-Toast Processing Location. Customers of legacy solutions provided by companies that we have acquired that do not use Toast POS, are not included in our Location count.

As of September 30, 2026, Toast served approximately 189,000 Locations, up 21% compared to one year ago, and processed $225 billion in gross payment volume over the trailing 12 months.

Seasonality and Other Factors

We experience seasonality in our financial technology solutions revenue, which is largely driven by the level of Gross Payment Volume, or GPV, processed through our platform. Moreover, our performance may be impacted by global financial, economic, and political events. For example, customers typically have greater sales during the warmer months, though this effect varies regionally, and customer sales can be impacted by seasonal needs of our customers (which may also impact the total number of Toast Processing Locations in such a period that contributes to our GPV). As a result, our financial technology solutions revenue per Toast Processing Location has historically been stronger in the second and third quarters. We believe that financial technology solutions revenue from both existing and potential future products will continue to represent a significant proportion of our overall revenue mix, and seasonality will continue to impact our results of operations. Our performance may also be impacted by geopolitical events, such as tariffs, which may influence consumer spending or restaurant operations. There is uncertainty as to when specific tariffs may go into effect and the impact higher tariffs may have on consumer demand or on our business. For further discussion of such potential impacts, see Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Key Business Metrics

We use the following key business metrics to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(dollars in billions)	2026	2025	% Growth	2026	2025	% Growth
Gross Payment Volume (GPV)	$ 61.8	$ 51.5	20 %	$ 173.8	$ 143.6	21 %

	As of September 30,		
(dollars in millions)	2026	2025	% Growth
Annualized Recurring Run-Rate (ARR)	$ 2,503	$ 2,016	24 %

Gross Payment Volume (GPV)

Gross Payment Volume represents the sum of total dollars processed through the Toast payments platform across Toast Processing Locations in a given period. GPV is a key measure of the scale of our platform, which in turn drives our financial performance. As our customers generate more sales and therefore more GPV, we generally see higher financial technology solutions revenue.

Annualized Recurring Run-Rate (ARR)

We monitor Annualized Recurring Run-Rate as a key operational measure of the scale of our subscription and payment processing services for both new and existing customers. To calculate this metric, we first calculate recurring run-rate on a monthly basis. Monthly Recurring Run-Rate, or MRR, is measured on the final day of each month as the sum of (i) our monthly billings of subscription services fees, which we refer to as the subscription component of MRR, and (ii) our in-month adjusted payments services fees, exclusive of estimated transaction-based costs, which we refer to as the payments component of MRR. MRR does not include fees derived from Toast Capital or related costs. MRR is also not burdened by the impact of SaaS credits offered. The MRR calculation includes all locations on the Toast platform and locations on legacy solutions, which have a negligible impact on ARR.

ARR is determined by taking the sum of (i) twelve times the subscription component of MRR and (ii) four times the trailing-three-month cumulative payments component of MRR. We believe this approach provides an indication of our scale, while also controlling for short-term fluctuations in payments volume. Our ARR may decline or fluctuate as a result of a number of factors, including customers' satisfaction with our platform, pricing, competitive offerings, economic conditions, or overall changes in our customers' and their guests' spending levels. ARR is an operational measure, does not reflect our revenue or gross profit determined in accordance with U.S. Generally Accepted Accounting Principles, or GAAP, and should be viewed independently of, and not combined with or substituted for, our revenue, gross profit, and other financial information determined in accordance with GAAP. Further, ARR is not a forecast of future revenue and investors should not place undue reliance on ARR as an indicator of our future or expected results.

Results of Operations

Revenue

(dollars in millions)	Three Months Ended September 30, 2026	2025	Change Amount	%	Nine Months Ended September 30, 2026	2025	Change Amount	%
Subscription services	$ 317	$ 244	$ 73	30 %	$ 875	$ 680	$ 195	29 %
Financial technology solutions	1,619	1,345	274	20 %	4,512	3,703	809	22 %
Hardware and professional services	45	44	1	2 %	132	137	(5)	(4)%
Total revenue	$ 1,981	$ 1,633	$ 348	21 %	$ 5,519	$ 4,520	$ 999	22 %

Total revenue increased by 21% and 22% for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. This increase was primarily driven by higher financial technology solutions and subscription services revenues, attributable to a higher number of Locations on the Toast platform and continued product adoption.

Costs of Revenue

(dollars in millions)	Three Months Ended September 30, 2026	2025	Change Amount	%	Nine Months Ended September 30, 2026	2025	Change Amount	%
Subscription services	$ 67	$ 67	$ —	— %	$ 191	$ 197	$ (6)	(3)%
Financial technology solutions	1,239	1,032	207	20 %	3,461	2,855	606	21 %
Hardware and professional services	130	101	29	29 %	357	295	62	21 %
Amortization of acquired intangible assets	2	1	1	100 %	4	3	1	33 %
Total costs of revenue	$ 1,438	$ 1,201	$ 237	20 %	$ 4,013	$ 3,350	$ 663	20 %

Total costs of revenue increased by 20% for the three and nine months ended September 30, 2026, compared to the same periods in 2025. The increase was primarily driven by higher financial technology solutions costs associated with increased gross payment volume.

Operating Expenses

(dollars in millions)	Three Months Ended September 30, 2026	2025	Change Amount	%	Nine Months Ended September 30, 2026	2025	Change Amount	%
Sales and marketing	$ 171	$ 144	$ 27	19 %	$ 493	$ 418	$ 75	18 %
Research and development	103	102	1	1 %	309	277	32	12 %
General and administrative	98	102	(4)	(4)%	271	260	11	4 %
Restructuring expenses	6	—	6	100 %	6	8	(2)	(25)%
Total operating expenses	$ 378	$ 348	$ 30	9 %	$ 1,079	$ 963	$ 116	12 %

Total operating expenses increased by 9% and 12%, for the three and nine months ended September 30, 2026, respectively, compared to the same periods in 2025. This increase was primarily driven by higher employee-related costs as we continue to expand our sales and marketing efforts.

Non-GAAP Financial Measures

We use certain non-GAAP financial measures described below to supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP and to understand and evaluate our core operating performance. These non-GAAP financial measures, which may be different than

similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered substitutes for, or superior to, the financial information prepared and presented in accordance with GAAP.

We believe that these non-GAAP financial measures provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making. We are presenting these non-GAAP metrics to provide investors insight into the information used by our management to evaluate our business and financial performance. We believe that these measures provide investors increased comparability of our core financial performance over multiple periods with other companies in our industry.

Net Income (Loss) (GAAP) and Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA is defined as net income (loss), adjusted to exclude stock-based compensation expense and related payroll tax expense, depreciation and amortization expense, interest income, net, income taxes and certain other items that are not considered to reflect our operating activities and performance within the ordinary course of business, such as restructuring expenses, acquisition expenses, fair value adjustments on warrant liabilities, gain on warrant extinguishments, expenses related to early termination of leases (which includes associated asset impairments), and stock-based charitable contribution expense, as applicable. We have provided below a reconciliation of net income (loss), the most directly comparable GAAP financial measure, to Adjusted EBITDA.

We believe Adjusted EBITDA is useful for investors in comparing our financial performance to other companies and from period to period. Adjusted EBITDA is widely used by investors and securities analysts to measure a company's operating performance without regard to items such as depreciation and amortization, interest expense, and interest income, which can vary substantially from company to company depending on their financing and capital structures and the method by which their assets were acquired. In addition, Adjusted EBITDA eliminates the impact of certain items that may obscure trends in the underlying performance of our business. Adjusted EBITDA also has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. The expenses and other items that are excluded from the calculation of Adjusted EBITDA may differ from the expenses and other items that other companies may exclude from Adjusted EBITDA when they report their financial results.

The following table reflects the reconciliation of net income to Adjusted EBITDA for each of the periods presented:

Adjusted EBITDA	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
(in millions)	**2026**	**2025**	**2026**	**2025**
Net income	$ 169	$ 105	$ 449	$ 241
Stock-based compensation expense and related payroll tax	50	70	166	198
Depreciation and amortization	14	15	36	50
Interest income, net	(12)	(13)	(36)	(36)
Change in fair value of warrant liability	1	(7)	(6)	(2)
Termination of leases	—	1	—	1
Stock-based charitable contribution expense	5	6	5	6
Restructuring expenses[(1)]	6	—	6	8
Income tax expense (benefit)	7	(1)	20	4
Adjusted EBITDA	$ 240	$ 176	$ 640	$ 470

[(1)] Restructuring expenses for the three and nine months ended September 30, 2026 include $6 million of severance benefits. Restructuring expenses for the three and nine months ended September 30, 2025 include $— million and $5 million, respectively, of severance benefits and $— million and $3 million, respectively, of stock-based compensation expense.

Subscription Services and Financial Technology Solutions Gross Profit (GAAP) and Non-GAAP Subscription Services and Financial Technology Solutions Gross Profit

Non-GAAP Subscription Services and Financial Technology Solutions Gross Profit is defined as subscription services gross profit and financial technology solutions gross profit, adjusted to exclude stock-based compensation expense and related payroll tax expense, and depreciation and amortization expense. We believe this non-GAAP measure is useful to view the resulting figures excluding the aforementioned non-cash charges because the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and such amounts vary substantially from company to company depending on their financing and capital structures and the method by which their assets were acquired. We have provided below a reconciliation of Subscription Services and Financial Technology Solutions Gross Profit, the most directly comparable GAAP financial measure, to Non-GAAP Subscription Services and Financial Technology Solutions Gross Profit.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Revenue:				
Subscription services	$ 317	$ 244	$ 875	$ 680
Financial technology solutions	1,619	1,345	4,512	3,703
Costs of Revenue:				
Subscription services	67	67	191	197
Financial technology solutions	1,239	1,032	3,461	2,855
Subscription services and financial technology solutions gross profit (GAAP)	$ 630	$ 490	$ 1,735	$ 1,331

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions)	2026	2025	2026	2025
Subscription services and financial technology solutions gross profit (GAAP)	$ 630	$ 490	$ 1,735	$ 1,331
Stock-based compensation expense and related payroll tax	3	4	9	13
Depreciation and amortization	9	12	22	41
Non-GAAP subscription services and financial technology solutions gross profit	$ 642	$ 506	$ 1,766	$ 1,385

Net Cash Provided by Operating Activities (GAAP) and Free Cash Flow (Non-GAAP)

Free cash flow is defined as net cash provided by operating activities reduced by purchases of property and equipment and capitalization of internal-use software costs (collectively referred to as capital expenditures). We believe that free cash flow is a meaningful indicator of our sources of liquidity and capital requirements that provides information to management and investors in evaluating the cash flow trends of our business. Once our business needs and obligations are met, cash can be used to maintain a strong balance sheet and invest in future growth.

Free cash flow has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Other companies may calculate free cash flow or similarly titled non-GAAP measures differently, which could reduce the usefulness of free cash flow as a tool for comparison. In addition, free cash flow does not reflect mandatory debt service and other non-discretionary expenditures that are required to be made under contractual commitments and does not represent the total increase or decrease in our cash balance for any given period.

The following table presents a reconciliation of net cash provided by operating activities to free cash flow for each of the periods presented:

(in millions)	Nine Months Ended September 30, 2026	2025
Net cash provided by operating activities	$ 474	$ 467
Capital expenditures	(48)	(37)
Free cash flow	$ 426	$ 430

Liquidity and Capital Resources

Our principal sources of liquidity are cash and cash equivalents and marketable securities. We also have access to external sources of liquidity through a credit facility as further described below. The following tables present selected financial information related to our liquidity:

(in millions)	September 30, 2026 [1]	December 31, 2025 [2]
Cash and cash equivalents	$ 1,203	$ 1,353
Marketable securities	682	638
Cash and cash equivalents and marketable securities	$ 1,885	$ 1,991
Available credit facility	$ 347	$ 347
Total	$ 2,232	$ 2,338

[1] Excludes $154 million of cash held on behalf of customers and $76 million of restricted cash.
[2] Excludes $159 million of cash held on behalf of customers and $71 million of restricted cash.

(in millions)	Nine Months Ended September 30, 2026	2025
Net cash provided by operating activities	$ 474	$ 467
Net cash (used in) investing activities	(172)	(20)
Net cash provided by (used in) financing activities	(450)	70
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	3
Net increase (decrease) in cash, cash equivalents, cash held on behalf of customers and restricted cash	$ (150)	$ 520

Cash, cash equivalents and marketable securities

The net decrease in cash, cash equivalents and marketable securities in the nine months ended September 30, 2026 was primarily driven by cash used in financing activities of $450 million and cash used in investing activities of $172 million, partially offset by cash provided by operating activities of $469 million (which excludes changes in the balance of restricted cash of $5 million).

The increase in net cash provided by operating activities during the nine months ended September 30, 2026, compared to the same period in 2025, was primarily driven by net income of $449 million during the nine months ended September 30, 2026 as compared to net income of $241 million during the same period last year. This increase in cash inflows was partially offset by changes in net working capital, primarily attributable to higher inventory purchases.

The increase in net cash used in investing activities during the nine months ended September 30, 2026, compared to the same period in 2025, was primarily driven by higher net purchases of marketable securities and higher purchases of loans held for investment, partially offset by proceeds from repayment of loans held for investment.

The increase in net cash used in financing activities during the nine months ended September 30, 2026, compared to the same period in 2025, was primarily driven by an increase in cash paid to repurchase our shares.

We do not anticipate any material changes, or material changes in trends, related to our net working capital requirements, liquidity or cash flows in the near term, other than for items disclosed within this Quarterly Report on Form 10-Q and our 2025 Annual Report on Form 10-K.

Debt

During 2021, we entered into a senior secured credit facility, or the 2021 Facility, which we subsequently amended on March 2, 2023, to replace the London Interbank Offered Rate, or LIBOR, with the Secured Overnight Financing Rate, or SOFR. On May 6, 2025, we amended and restated our 2021 Facility to increase the available revolving commitments from $330 million to $350 million and to extend the term of the 2021 Facility to May 6, 2030. We were in compliance with all financial covenants as of September 30, 2026. As of September 30, 2026, there were no borrowings outstanding on the 2021 Facility and outstanding letters of credit totaled $3 million. As of September 30, 2026, our total available borrowing capacity under the 2021 Facility was $347 million.

Share Repurchase Program

In February 2024, we announced the authorization of a share repurchase program for the repurchase of shares of our Class A common stock, par value $0.000001 per share, in an aggregate amount of up to $250 million. On February 10, 2026, our board of directors approved an increase of $500 million to our previously authorized share repurchase program for the repurchase of shares of our Class A common stock. The repurchase program has no expiration date, does not obligate us to acquire any particular amount of our Class A common stock, and may be suspended at any time at our discretion. The timing and actual number of shares repurchased may depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

During the three months ended September 30, 2026, the Company did not repurchase any shares of its Class A common stock. During the nine months ended September 30, 2026, the Company repurchased $486 million of its Class A common stock. As of September 30, 2026, approximately $100 million remained authorized for repurchase under the share repurchase program.

Other Capital Requirements

Expected working and other capital requirements are described in our 2025 Annual Report on Form 10-K in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” At September 30, 2026, other than for the changes disclosed in the “Notes to Condensed Consolidated Financial Statements” and “Liquidity and Capital Resources” in this Quarterly Report, there have been no other material changes to our expected working and other capital requirements described in our 2025 Annual Report on Form 10-K, and we believe that our existing cash and cash equivalents, along with our available borrowing capacity under our credit facility, will be sufficient to meet our working capital needs for at least the next 12 months, including planned capital expenditures, strategic transactions, and investment commitments that we may enter into from time to time.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, including changes in interest rates and foreign currency exchange rates, as well as credit risk on accounts receivable and our loan servicing activities. Our exposure to market and credit risk has not changed materially since the presentation set forth in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 18, 2026.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2026, the end of the period covered by this Quarterly Report on Form 10-Q, to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitation on the Effectiveness of Internal Control

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The material set forth in the section titled “Legal Proceedings” in Note 11 to the financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors set forth in Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025. Our business, operations, and financial results are subject to various risks and uncertainties that could materially adversely affect our business, results of operations, financial condition, and the trading price of our Class A common stock. You should carefully read and consider the risks and uncertainties included in the Annual Report, together with all of the other information in the Annual Report and this Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed consolidated financial statements and related notes, and other documents that we file with the SEC. The risks and uncertainties described in these reports may not be the only ones we face. The factors discussed in these reports, among others, could cause our actual results to differ materially from historical results and those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors, and oral statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Unregistered Sales of Equity Securities

None.

(c) Issuer Purchases of Equity Securities

On February 15, 2024, we announced the authorization of a share repurchase program for the repurchase of shares in our Class A common stock, in an aggregate amount of up to $250 million. On February 10, 2026, our board of directors approved an increase of $500 million to our previously authorized share repurchase program for the repurchase of shares of our Class A common stock. The repurchase program has no expiration date, does not obligate us to acquire any particular amount of our Class A common stock, and may be suspended at any time at our discretion. During the three months ended September 30, 2026, we did not repurchase any shares of Class A common stock. As of September 30, 2026, approximately $100 million remained authorized for the repurchase of shares under the share repurchase program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(*c)* During the fiscal quarter ended September 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or any “non-Rule 10b5-1 trading arrangement” (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits

The exhibits listed below are filed or incorporated by reference in this Quarterly Report on Form 10-Q.

Exhibit Number	Description
31.1*	Certification of the Principal Executive Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith. The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TOAST, INC.
(Registrant)

November 3, 2026	By:	/s/ Aman Narang Aman Narang Chief Executive Officer (Principal Executive Officer)
November 3, 2026	By:	/s/ Elena Gomez Elena Gomez President, Chief Financial Officer (Principal Financial Officer)
November 3, 2026	By:	/s/ Rossana Niola Rossana Niola Chief Accounting Officer (Principal Accounting Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aman Narang, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Toast, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ Aman Narang

Aman Narang
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Elena Gomez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Toast, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ Elena Gomez

Elena Gomez
President, Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Aman Narang, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Toast, Inc. for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Toast, Inc.

Date: November 3, 2026

By: /s/ Aman Narang
Name: Aman Narang
Title: Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Elena Gomez, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Toast, Inc. for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Toast, Inc.

Date: November 3, 2026

By: /s/ Elena Gomez
Name: Elena Gomez
Title: President, Chief Financial Officer
(Principal Financial Officer)