

TOST (Toast) Stock Analysis: Buy at \$28 | \$38 Target

By Spicer Matthews · March 15, 2026 · options.cafe

BUY

Scale into the dominant restaurant OS at a PEG of 0.66. Buy 1/3 now, add on retest of \$25-26, final 1/3 on 50 SMA reclaim above \$30.62.

CURRENT PRICE

\$27.60

12-MO TARGET

\$36-\$40

UPSIDE

**+30% to
+45%**

TIMEFRAME

12 Months

CONVICTION

MEDIUM-HIGH

RISK/REWARD

45% up / 35% dn

+24%

Revenue Growth YoY

\$16.3B

Market Cap

0.66

PEG Ratio

\$2.0B

Cash (Zero Debt)

\$608M

TTM Free Cash Flow

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Executive Summary

This TOST stock analysis covers Toast, Inc.'s fundamentals, technicals, SEC filings, market sentiment, and insider activity as of March 2026. I publish stock research reports like this one on [this website](#) to share my personal investment analysis. Here is the bottom line:

- **BUY at \$27.60 with a 12-month target of \$36–\$40 (+30% to +45% upside).** Toast is a generational compounder at a cyclical low — the dominant restaurant operating system trading at a PEG of 0.66 with a pristine balance sheet, \$2B cash, zero debt, and a \$928M tax shield.
- **The profitability inflection is real and accelerating.** After \$1.2B in cumulative losses from IPO through FY2023, Toast generated **\$342M in net income** and **\$608M in free cash flow** in FY2025. EPS is projected to nearly triple from \$0.56 (FY25) to \$1.55 (FY26E).
- **Massive underpenetrated TAM.** With 164K locations out of 860K+ US restaurants, Toast has only ~20% market penetration. The vast majority of restaurants remain on legacy systems. International expansion into the UK, Ireland, and Canada adds further runway.
- **Smart money is loading up aggressively.** ValueAct Capital doubled its position, Cathie Wood/ARK added to Next Generation Internet ETF, Jennison Associates increased +74%, Marshall Wace +108%, and Norges Bank (Norway's sovereign wealth fund) initiated a new position.
- **Technicals demand patience.** TOST is in a confirmed bearish trend — below all moving averages with RSI at 43. The relief rally from \$24.35 to \$30.51 failed at the 50 SMA. Scale in, don't go all-in.

Report	Signal	Key Finding	Weight
Fundamentals	STRONG BUY	PEG 0.66, Fwd P/E 17.85x, \$2B cash, zero debt, \$608M FCF, 24% revenue growth	25%
SEC Filings	BULLISH	Revenue 9.3x since FY2019. SBC declining (3.9% of revenue). \$928M NOL shield. NRR disclosure dropped — watch.	20%
Technical	BEARISH	Below all MAs, RSI 43, descending channel. MACD crossover improving but unconfirmed. No bottom confirmed.	15%
News & Events	BULLISH	Uber partnership, Applebee's enterprise win, Cathie Wood buying. Consensus target \$40.46 (46% upside).	15%
Insider/ Institutional	NEUTRAL	200 trades, zero purchases in 5 years. But systematic 10b5-1 plans. CEO/President retain Class B (10x) control. Institutions aggressively adding.	15%
Sentiment	CAUTIOUSLY BULLISH	Media overwhelmingly positive. Low Reddit activity (not a meme stock). "Too integrated to disrupt" narrative dominant.	10%
COMPOSITE	MODERATELY BULLISH	4 bullish, 1 bearish, 1 neutral across 6 reports. Weighted composite favors the long side with elevated risk from technicals.	100%

Investment Thesis

Toast is a cloud-based, all-in-one digital technology platform built for the restaurant industry. The company provides an integrated suite of **SaaS** products, financial technology solutions, and hardware that enables restaurants to manage operations, process payments, drive guest engagement, and access capital. Founded in 2012 and headquartered in Boston, Toast went public in September 2021 at \$40/share.

The investment thesis is straightforward: Toast is the dominant modern restaurant operating system with only ~20% US market penetration, trading at a PEG of 0.66 after a 44% drawdown from highs. The fundamentals have never been stronger — FY2025 delivered **\$6.15B in revenue** (+24% YoY), **\$342M in net income** (from cumulative losses of \$1.2B just two years prior), and **\$608M in free cash flow**. The balance sheet is pristine: **\$2B cash, zero debt**, and a **\$928M NOL tax shield** that means Toast pays essentially zero taxes for the next 3–4 years.

Key Strength

At a forward P/E of 17.85x with 27% expected EPS growth, the PEG ratio of 0.66 is the most attractive it has been since TOST was a \$14 stock in early 2023. A PEG below 1.0 means you are paying less than 1x for each unit of growth — this is a rare window where fundamentals and price have diverged sharply.

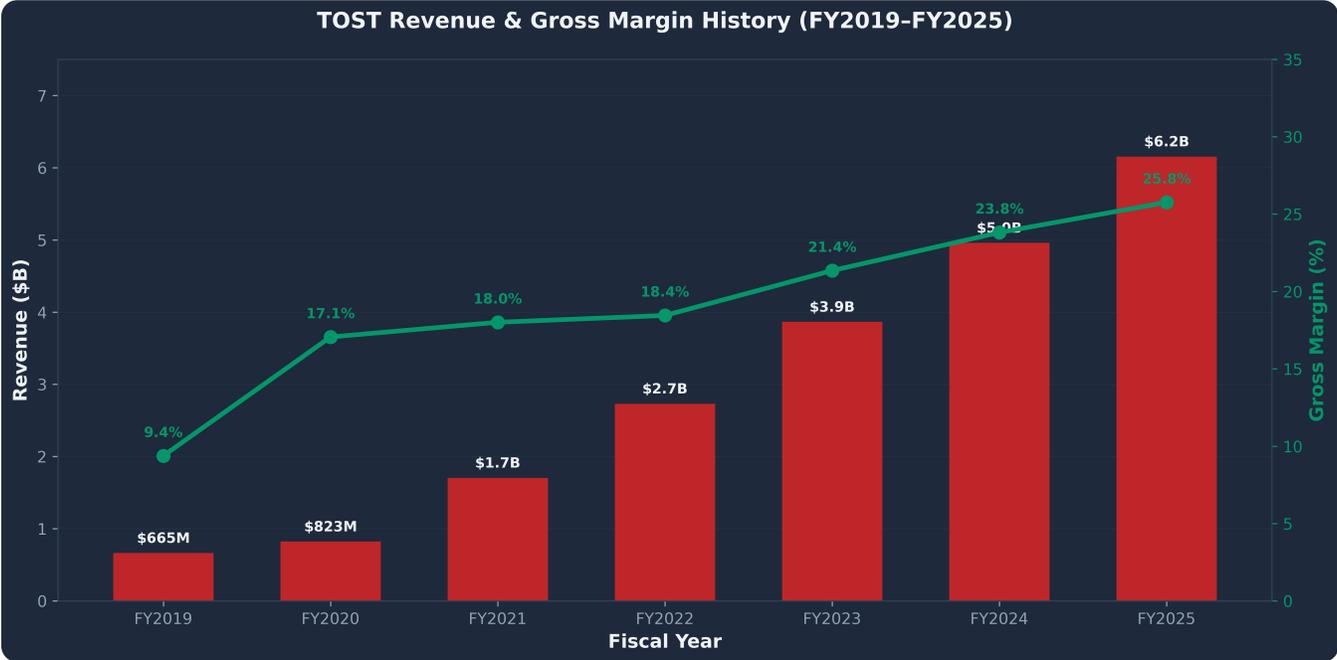
The 44% drawdown from the \$49.66 ATH creates the entry opportunity. The sell-off was driven by a broader SaaS sector panic (triggered by the Anthropic Claude Cowork launch), a Q4 EPS miss (\$0.16 vs \$0.24 expected), and macro tariff fears — not a deterioration in Toast's business. Revenue still beat expectations, locations grew 22%, and management guided \$775–\$795M adjusted EBITDA for 2026. The risk/reward setup favors a recovery toward \$36–\$40 over the next 12 months as the market re-prices the profitability trajectory.

Key Risk

The technicals are awful. TOST is below all moving averages with a fully bearish MA stack. RSI never reached oversold during the 44% decline, suggesting persistent distribution rather than capitulation. A 1.92 beta means this stock amplifies every market move by nearly 2x. Position sizing and disciplined entry points are critical.

Fundamental Analysis

Toast's TOST stock analysis starts with the financials, and the story is one of dramatic transformation. Revenue has grown **9.3x from \$665M (FY2019) to \$6.15B (FY2025)** — a 49.5% five-year CAGR. More importantly, the company crossed the profitability Rubicon in FY2024 and accelerated into FY2025 with a **\$588M swing in net income** over two years (from -\$246M to +\$342M).



Income Statement Overview

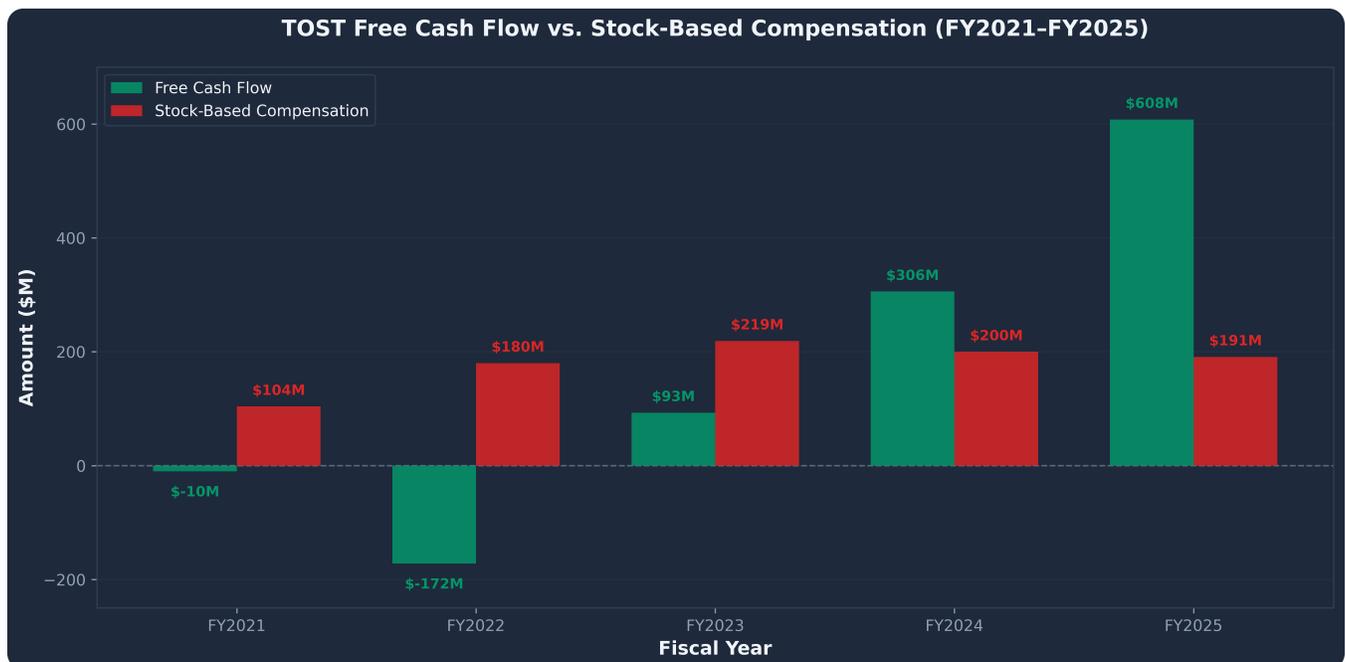
Metric	FY2022	FY2023	FY2024	FY2025	FY2026E
Revenue	\$2.73B	\$3.87B	\$4.96B	\$6.15B	~\$7.40B
Gross Margin	18.5%	21.4%	23.8%	25.8%	~28%
Net Income	(\$275M)	(\$246M)	\$19M	\$342M	~\$900M
GAAP EPS	(\$0.72)	(\$0.47)	\$0.03	\$0.56	~\$1.55
Adj. EBITDA	(\$115M)	\$61M	\$373M	\$633M	\$775-\$795M
FCF	(\$172M)	\$93M	\$306M	\$608M	~\$750M
Locations	~79K	~106K	~134K	~164K	~195K
ARR	\$901M	\$1.22B	\$1.63B	\$2.05B	\$2.3B (Guided)



Valuation Comparison

Company	Price	Rev Growth	Fwd P/E	EV/Rev	Edge
Toast (TOST)	\$27.60	+24%	17.8x	2.3x	Fastest grower, lowest Fwd P/E, best balance sheet
Block (XYZ)	\$59.79	+12%	~14x	1.8x	Broader POS/fintech but lower growth, not restaurant-specific
Lightspeed (LSPD)	\$8.86	+20%	~35x	1.5x	Higher P/E for lower growth, less focused
PAR Technology (PAR)	\$14.77	+15%	N/A (loss)	2.8x	Enterprise restaurant tech, still unprofitable, much smaller

Balance Sheet & Cash Flow



The balance sheet is the strongest in Toast's peer group: **\$2.0B in cash, zero debt**, and a **\$928M federal NOL carryforward** (\$843M with indefinite life). The \$750M buyback authorization signals management confidence. CapEx is just \$53M (0.86% of revenue), highlighting the asset-light software model. FCF nearly doubled YoY from \$306M to \$608M, and SBC has declined from \$219M to \$191M — the dilution headwind is shrinking in both relative and absolute terms.

Technical Analysis

TOST is in a confirmed bearish trend across all timeframes. The stock has declined **44% from its \$49.66 ATH** (July 2025) to \$27.60, sitting below every major moving average with a fully bearish MA stack.

Indicator	Value	Signal
SMA 10	\$28.92 (-4.6%)	BEARISH
SMA 50	\$30.62 (-9.9%)	BEARISH
SMA 200	\$37.83 (-27.0%)	BEARISH
RSI (14)	42.93	NEUTRAL-BEARISH
MACD	-0.41 (above signal)	IMPROVING
Beta	1.92	HIGH RISK

Key Support & Resistance Levels

Level	Price	Significance
Support — 52W Low	\$24.35	Hit Feb 24, sharp bounce. Confluence with 61.8% Fib of the full 2022–2025 rally (\$25.77). Critical floor.
Support — Swing Low	\$27.00– \$27.60	Current price zone. Bounced from this area 3x in 6 weeks.
Resistance — 10 SMA	\$28.92	Immediate overhead. Price rejected from this area on Mar 9–11.
Resistance — 50 SMA / Fib	\$30.30– \$30.62	Confluence of 50 SMA and 23.6% Fib. Mar 5–6 rally stalled here exactly. Must clear to confirm reversal.
Resistance — 38.2% Fib	\$34.00– \$34.90	Major confluence zone. Prior support that broke down.
Resistance — 200 SMA	\$37.83	27% above current price. Reclaim unlikely near-term without major catalyst.

The most constructive element is the MACD bullish crossover (Mar 3) with positive histogram. However, the histogram is contracting from +0.66 to +0.19, and the MACD line remains below zero. The relief rally from \$24.35 to \$30.51 (+25%) failed precisely at the 50 SMA / 23.6% Fibonacci confluence — a technically significant rejection that confirms \$30–\$31 as strong resistance.

Technical Bottom Line

Probability skew: 45–50% bearish (retest of \$24.35), 30–35% bullish (base at \$25–30 before recovery), 20–25% sideways consolidation. The fundamental-technical divergence is extreme — this is why a scaled entry approach is essential.

SEC Filings Deep Dive

I analyzed 60 SEC filings spanning Toast's IPO (September 2021) through FY2025 (filed February 2026): 5 10-Ks, 13 10-Qs, 35 8-Ks, 4 DEF 14As, 1 S-1, and 2 S-1/As.

Management Credibility Scorecard

Toast has systematically delivered or exceeded every major promise from its S-1. This earns a management credibility rating of **A**.

S-1 Promise (2021)	Actual Delivery	Verdict
~48K locations (6% of TAM)	~164K locations by FY2025 (~20% market share)	Exceeded
ARR ~\$494M	ARR \$2,047M (4x IPO level)	Exceeded
GPV \$38B annualized	GPV \$195.1B in FY2025 (5.1x)	Exceeded
Path to profitability (ongoing losses expected)	GAAP profitable FY2024 (\$19M NI); FY2025 \$342M NI	Delivered
Expand beyond core US SMB	Entered UK, Ireland, Canada; enterprise wins (Applebee's, Topgolf)	On Track

Revenue Mix Evolution

Toast generates revenue from three streams: **Subscription services (SaaS)** at 15% of revenue, **Financial technology solutions (payments/fintech)** at 82%, and **Hardware & professional services** at 3%. Fintech dominates on a dollar basis but subscription is the high-margin growth engine, growing 33% YoY in FY2025 vs. fintech at 24%.

Hidden Gems & Red Flags

Hidden Gem: SBC Discipline

SBC as a percentage of revenue dropped from 10.4% at IPO to 3.9% in FY2025. In absolute dollars, SBC declined from \$277M to \$242M while revenue grew 59%. SBC as % of gross profit fell from 61% to 15%. This is a clear positive inflection — the dilution headwind is shrinking.

Red Flag: NRR Disclosure Dropped

Toast stopped reporting Net Retention Rate after FY2023 (last reported at ~111%). When a company drops a KPI it previously highlighted, it usually means the metric is trending unfavorably. ARR growth of 26% in FY2025 suggests per-location monetization is still healthy, but the lack of transparency warrants monitoring.

Other notable findings: the **\$928M federal NOL carryforward** (\$843M with indefinite life) means Toast pays essentially zero cash taxes for years — FY2025 income tax expense was only \$4M on \$346M pre-tax income. The hardware segment remains underwater (-\$220M gross profit in FY2025), intentionally subsidizing account acquisition. Total OpEx as a percentage of revenue dropped from 44% in FY2020 to 21% in FY2025 — remarkable operating leverage.

News & Catalysts

Toast's news flow is overwhelmingly bullish. Across 70+ articles analyzed (50 from Massive CLI, 20 from Google News), the sentiment breakdown is approximately 49 positive, 13 neutral, 4 mixed, and 4 negative. Analyst consensus stands at **17 Buy / 7 Hold** with a **\$40.46 consensus target** (46% upside).

Key Headlines

Date	Headline	Signal
Feb 19	Q4 2025 Earnings: EPS miss (\$0.16 vs \$0.24 est.) but revenue beat (\$1.63B, +22%). 8,000 net new locations in Q4. ARR guided \$2.3B for 2026.	Mixed
Feb 25	ValueAct Capital Doubled Stake — Activist hedge fund doubled TOST position despite SaaS sell-off. Cites 6x EV/ARR, 700K+ legacy locations.	Bullish
Mar 8	Toast + Uber Global Partnership — Preferred delivery integration via Uber Direct. 2026 ad tools planned. Expands GPV and fintech revenue.	Bullish
Feb 22	Cathie Wood/ARK Bought — Added TOST to Ark Next Generation Internet ETF alongside AMZN and SHOP.	Bullish
Ongoing	AI Product Suite Launch — Toast IQ & Sous Chef AI tools for restaurant optimization. SoundHound voice AI integration. "Deeply entrenched ecosystem."	Bullish

Analyst Ratings

Firm	Rating	Target	Upside
Citigroup	Buy	\$51	+84.8%
Wells Fargo	Overweight	\$47	+70.3%
JP Morgan	Overweight	\$43	+55.8%
BNP Paribas	Outperform	\$40	+44.9%
DA Davidson	Neutral	\$36	+30.4%

Upcoming Catalysts

Catalyst	Timing	Impact
Q1 2026 Earnings	May 2026	Critical. Must beat on EPS to restore profitability narrative after Q4 miss. An EPS beat could trigger a 15–20% re-rating.
Uber Partnership Revenue	H1 2026	Ad tools and delivery integration revenue should begin materializing. Could drive upside to GPV.
AI Monetization (Toast IQ)	Throughout 2026	AI-powered tools create premium subscription tier opportunities. Could accelerate ARPU expansion.
Buyback Execution	Ongoing	\$750M authorization at current prices could retire ~27M shares (4.6% of float). Provides price floor and EPS accretion.

Market Sentiment

The overall sentiment for TOST stock is **cautiously bullish**. Media coverage is overwhelmingly positive: nearly every analyst and financial publication frames TOST as a buy-the-dip opportunity after its ~45% drawdown from highs. The strongest institutional signal is ValueAct Capital doubling its position. The core tension: **26% ARR growth and massive TAM vs. a ~50x trailing P/E and a Q4 EPS miss that rattled confidence.**

Community Sentiment

Platform	Activity	Tone
r/ ValueInvesting	LOW	Watchlist candidate. ValueAct doubling is the most-discussed signal. Skepticism on PE but interest in TAM story.
r/stocks	LOW	Appears in megathreads and "growth stocks to buy" roundups. No standalone DD posts. Consensus: solid company, waiting for better entry.
r/ wallstreetbets	MINIMAL	Not a meme stock. Almost zero standalone TOST posts. This is actually a positive — institutional investors drive the price, not retail hype.

Bull vs. Bear Community Arguments

Bull Case

- Massive TAM — only ~20% penetrated (164K of 860K+ US restaurants)
- Record net additions: 30K locations in FY2025
- ARR \$2B+ growing 26%, subscription margins at 65%
- PEG of 0.66 — cheapest it's been since \$14 in 2023
- AI moat deepening (Toast IQ, Sous Chef, SoundHound)
- ValueAct, Cathie Wood, Norges Bank all buying
- Enterprise wins validate upmarket push (Applebee's, Topgolf)

Bear Case

- Trailing P/E ~50x vs. industry 17.5x
- Q4 2025 EPS miss (-33%): \$0.16 vs \$0.24 expected
- Down 44% from peak with 1.92 beta (amplified drawdowns)
- Restaurant macro/recession risk (first to suffer)
- SBC still inflating earnings vs. true cash profitability
- Competition from Fiserv/Clover, Square, Shopify POS
- NRR disclosure dropped (possible compression)

Insider & Institutional Activity

TOST's insider trading profile is a study in nuance. On the surface, **200 trades with zero purchases over 5 years** looks deeply bearish. But the dual-class share structure changes the calculus entirely.

200

Total Insider Trades (All Sales)

18.08%

Insider Ownership

76.43%

Institutional Ownership

5.64%

Short Float

Dual-Class Share Structure

Toast has a **dual-class share structure** where **Class B shares carry 10x voting power** compared to Class A shares. Insiders sell Class A shares while retaining their Class B supermajority:

Insider	Title	Class A	Class B (10x Votes)	Total Sold
Narang Aman	CEO	340K	18.9M	\$27.8M
Fredette Stephen	President	2.9M	25.7M	\$37.3M
Yuan David	Director	Liquidated ALL 3 Tidemark fund positions		\$27.6M

Key Risk: Yuan's Discretionary Exit

Director David Yuan (Tidemark Capital) liquidated ALL three fund positions for \$27.6M — **NOT under a 10b5-1 plan**. This was a discretionary, full exit by a board member with inside visibility. Every other insider sale is systematic 10b5-1 (non-signal), but Yuan's is the one trade that should give pause.

Institutional Flows

On the institutional side, the signal is strongly bullish:

Institution	Ownership	Change	Signal
Capital International	7.72%	—	Largest holder — steady
Vanguard Group	7.60%	—	Index/passive — steady
Jennison Associates	—	+74.4%	Strong conviction buy
Marshall Wace	—	+108.3%	Doubled position — very aggressive
Norges Bank	—	New Position	Norway sovereign wealth fund — long-term signal
ValueAct Capital	—	Doubled	Activist fund, deep fundamental research

Risk Factors

Risk	Probability	Impact	Detail
Technicals Are Awful	High	High	Below all MAs. RSI never reached oversold during 44% decline — suggests distribution, not capitulation. Could retest \$24.35 or break lower to \$22–\$23.
Restaurant Recession Risk	Medium	High	Restaurants are first to suffer in a consumer downturn. January job openings at lowest since 2020. Beta of 1.92 amplifies market declines nearly 2x.
Q4 EPS Miss Pattern	Medium	Medium	Q4 GAAP EPS of \$0.16 vs \$0.24 expected (-33% miss). International expansion driving costs. NRR disclosure dropped. If Q1 2026 also misses, profitability narrative takes a hit.
Yuan's Discretionary Exit	Low	Medium	Director David Yuan liquidated \$27.6M — NOT under a 10b5-1 plan. Discretionary full exit by a board member with inside knowledge. Could be fund lifecycle or private concerns.
Competition	Medium	Medium	Fiserv (Clover), Block (Square), Shopify POS, and Lightspeed competing for restaurant share. Oct 2025 unintentional pricing glitch highlighted pricing discipline concerns.
Fintech Margin Ceiling	High	Low	Fintech (82% of revenue) has only 23% gross margin — interchange and network fees eat most of the take rate. Overall margin expansion depends on growing subscription faster than fintech.

Conclusion & Price Targets

Earnings Model: Three Scenarios

Scenario	Assumptions	FY26 EPS	Multiple	Target	Return
Bear	Recession, growth slows to 15%, margins compress. Multiple contracts.	\$1.20	15x	\$18	-35%
Base	Consensus 20% revenue growth, EPS to \$1.55. Multiple re-rates to 23–26x as profitability proves out.	\$1.55	23–26x	\$36– \$40	+30% to +45%
Bull	Accelerating growth (25%+ rev), EPS beats, international traction, AI monetization. Multiple re-rates to 30x+.	\$1.75	30x	\$52.50	+90%

Bull Case (\$52.50)

- EPS beats to \$1.75+
- International locations ramping faster than expected
- AI products (Toast IQ) creating premium subscription tier
- Multiple re-rates to 30x as profitability narrative solidifies
- Uber partnership drives upside to GPV and fintech revenue

Bear Case (\$18)

- Recession drives restaurant closures and delayed tech adoption
- EPS misses continue through FY2026
- Multiple compresses to 15x as growth narrative breaks
- Competition from Fiserv/Square captures incremental share
- NRR compression confirms weakening unit economics

Suggested Entry Plan

Action	Price	Detail
Buy 1/3	\$27–\$28	Initial position at current levels. Price has bounced from this zone 3x in 6 weeks.
Buy 1/3	\$24.50–\$26	Add on retest of 52W low zone. \$24.35 is the line in the sand (61.8% Fib confluence).
Buy 1/3	Above \$30.62	Final add on reclaim of 50-day SMA with volume. Confirms the downtrend is breaking.
Stop Loss	Below \$23.50	Exit full position. Break below \$24.35 on volume signals structural breakdown to \$22–\$19 range.

If you're interested in learning how to use options strategies like [cash-secured puts](#) to enter positions at better prices, or how the [wheel strategy](#) can generate income on stocks like TOST, check out those guides. You can also explore the [best stocks for the wheel strategy](#) or learn about [lowering your stock basis using options](#).

Frequently Asked Questions

Is TOST a good stock to buy?

Based on my TOST stock analysis, I rate Toast as a **BUY** at \$27.60 with a 12-month target of \$36–\$40. The stock trades at a PEG ratio of 0.66, which is the cheapest it's been since early 2023. With \$2B in cash, zero debt, \$608M in free cash flow, and 24% revenue growth, the fundamentals have never been stronger. The 44% drawdown from highs was driven by macro fears and a Q4 EPS miss, not a business deterioration. However, the bearish technicals and 1.92 beta demand a scaled entry approach — don't go all-in at once.

What is the TOST price target for 2026?

My base case target for TOST is **\$36–\$40** over the next 12 months, assuming consensus revenue growth of ~20% and EPS expansion to ~\$1.55 on a 23–26x forward multiple. The analyst consensus target is \$40.46 (17 Buy, 7 Hold). In a bull scenario with accelerating growth and AI monetization, the stock could reach \$52.50 (+90%). In a bear scenario with recession-driven deceleration, the downside target is \$18 (-35%).

Should I buy or sell TOST?

I recommend **buying TOST** using a scaled entry approach: buy 1/3 at \$27–\$28 (current levels), add 1/3 on a retest of \$24.50–\$26 (near 52W low), and deploy the final 1/3 on a reclaim of the 50-day SMA above \$30.62. Set a hard stop below \$23.50. The risk/reward at current levels is asymmetric: \$18 bear case (-35%) vs. \$40 base case (+45%) vs. \$52.50 bull case (+90%). If you already own TOST, this is not the time to sell — the fundamentals don't justify the current price decline.

TOST stock forecast for 2026 and beyond?

Toast is positioned for multi-year compounding. Revenue is projected to grow from \$6.15B (FY2025) to ~\$7.4B (FY2026) and ~\$8.7B (FY2027). EPS should scale from \$0.56 to ~\$1.55 (FY2026E) to ~\$2.10 (FY2027E) as operating leverage kicks in. With only ~20% US market penetration, an expanding international footprint, AI-powered products (Toast IQ, Sous Chef), and a fortress balance sheet, Toast has the runway for sustained 20%+ growth for several more years. The key catalyst is Q1 2026 earnings (May 2026) — an EPS beat would likely trigger a meaningful re-rating.

Sources: SEC Filings (10-K, 10-Q, 8-K, DEF 14A, S-1), Finviz, Polygon.io, Google News, Reddit, Motley Fool, Seeking Alpha, Yahoo Finance, Investing.com. Report compiled March 15, 2026.

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