KGI

UPDATE | Technology ▪ SINGAPORE

Toku Ltd.

(TOKU SP / TKU.SI)

Six Months Listed: From IPO Promise to Operating Proof

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Investment Highlights

- **Revenue growth reaccelerated.** 1H26 revenue rose 13.0% YoY to US$18.8m, ahead of FY25's 9.3% growth. Usage led with 19.6% growth, while Subscriptions & Licensing increased 10.4% and retained a 16.6% revenue mix.
- **Investment resets the earnings inflection.** Adjusted EBITDA loss widened to US$2.9m as Toku added sales, engineering and infrastructure capacity. Management expects 2H26 organic revenue growth above 13% and reported operating expenses below the 1H26 level.
- **Commercial proof is building.** The order book rise over 25%over the course of the past six months to US$29.3m . Tier 1 accounts more than doubled, expansion bookings rose 49%, median deal size increased 34%, and AI-live accounts recorded an approximately 26% MRR uplift.
- **Execution broadened the platform.** Glovo is live in four European markets with 18 more planned or in scope, Makimoto Kawa launched on 1 July, and Middle East coverage reached eight markets by 27 July. These milestones support the initiation thesis, although AI revenue is not yet material.

Valuation & Action.

We reiterate our **OUTPERFORM** rating with a 12-month target price of S$0.37 (previously S$0.39), based on an 11% WACC and 10.0x FY30E EV/EBITDA exit multiple. The target implies 89.2% upside from the last close.

Risks.

A Usage-led mix can keep gross margin volatile, while the larger cost base raises execution and cash-burn risk if revenue conversion slows. Other risks include delayed AI monetisation, customer concentration, CPaaS pricing pressure, Middle East execution and partner-led deployment slippage.

OUTPERFORM	
Last close (S$)	0.195
12M Target Price (S$)	0.37
Previous TP (S$)	0.39
Upside / (Downside) (%)	89.2%
TRADING DATA	
Market Cap (S$mn)	111.20
Issued Shares (mn)	570.24
3M Avg Daily Vol (mn)	0.80
3M Avg Daily Val (S$mn)	0.19
Free Float (%)	45.8
MAJOR SHAREHOLDERS (%)	
DELIVERY HERO VENTURES GMBH	13.35%
NEPTUNE INVEST ASIA PTE LTD	10.00%
TEMBUSU GROWTH FUND II LTD	7.29%

Financials & Key Operating Statistics

YE Dec (S$'000)	2024	2025	2026F	2027F	2028F
Revenue	31,788	34,755	41,340	58,687	95,294
Net Profit	(5,257)	(9,080)	(4,447)	804	6,301
EPS (adj. S$ cents)	(0.92)	(1.59)	(0.78)	0.14	1.10
EPS growth (%)	10.3%	9.3%	18.9%	42.0%	62.4%
DPS (S$ cents)	N.A.	N.A.	N.A.	N.A.	N.A.
Div Yield (%)	N.A.	N.A.	N.A.	N.A.	N.A.
Net Profit Margin (%)	(16.5%)	(26.1%)	(10.8%)	1.4%	6.6%
P/E (x)	(21.2x)	(12.2x)	(25.0x)	138.3x	17.6x
P/B (x)	167.7x	(22.5x)	11.3x	10.5x	6.6x

Source: Company data, KGI Research estimates

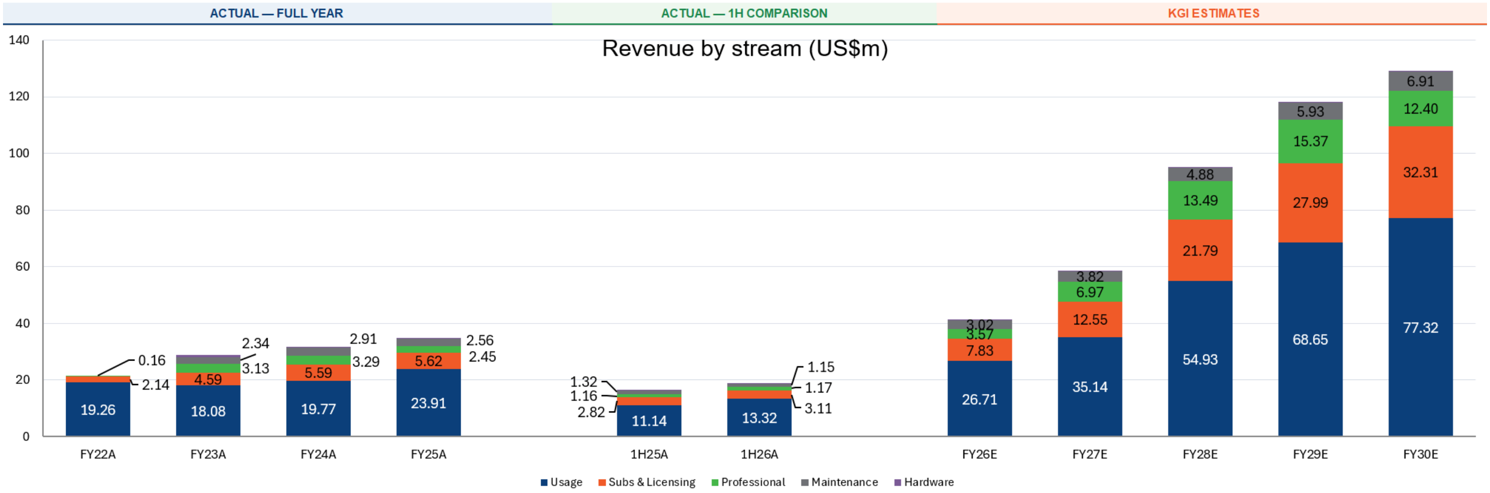
Business Updates

1H26: growth reaccelerated, but mix capped margin

Revenue increased 13.0% YoY to US$18.8m, a clear acceleration from FY25. Usage revenue rose 19.6% to US$13.3m and accounted for 70.9% of revenue, while Subscriptions & Licensing grew 10.4% to US$3.1m. Gross profit increased 10.2% to US$4.5m, but blended gross margin eased 0.6ppt to 23.9% as the faster-growing Usage stream carried a lower margin than software-led revenue.

Underlying operating expenses rose 40.0% to US$7.5m as Toku invested in commercial coverage, product and infrastructure. Adjusted EBITDA loss widened to US$2.9m from US$1.2m, while reported net loss was US$3.8m, including US$0.6m of listing fees. Cash improved to US$4.0m and borrowings fell to zero after the IPO, although 1H26 operating cash outflow of US$4.8m makes the 2H26 cost trajectory an important proof point.

Figure 1: Revenue by stream — 1H26 growth reaccelerated to 13.0% YoY



1H revenue change (US$m)							
Revenue stream	1H25A	1H26A	Change	YoY	Mix 1H25	Mix 1H26	Mix Δ (ppt)
Usage	11.139	13.321	2.183	19.6%	67.0%	70.9%	3.9ppt
Subs & Licensing	2.819	3.112	0.293	10.4%	17.0%	16.6%	(0.4ppt)
Professional	1.158	1.173	0.014	1.2%	7.0%	6.2%	(0.7ppt)
Maintenance	1.317	1.153	(0.164)	(12.4%)	7.9%	6.1%	(1.8ppt)
Hardware	0.191	0.031	(0.160)	(83.8%)	1.2%	0.2%	(1.0ppt)
Total revenue	**16.624**	**18.790**	**2.166**	**13.0%**	**100.0%**	**100.0%**	**-**

Source: Company, KGI Research

Company milestones now provide operating proof

Glovo is live in Spain, Italy, Romania and Portugal, with 18 additional markets in scope. Makimoto Kawa launched on 1 July as a Singapore-hosted sovereign transcription API. By the 27 July results announcement, Middle East coverage had expanded from two to eight markets and the Sestek memorandum added an Arabic-AI route to market.

- **Growth:** organic 2H26 revenue is guided to grow above 13% YoY, with Subscriptions & Licensing remaining double digit.
- **Conversion:** watch order-book recognition, Glovo market roll-outs and higher spend from AI-live and Tier 1 accounts.
- **Operating leverage:** reported operating expenses should fall below 1H26, while absolute gross profit continues to rise.

Valuation

We lower our 12-month target price to S$0.37 from S$0.39, while reiterating OUTPERFORM. We retain an 11% WACC and a 10.0x FY30E EV/EBITDA exit multiple. The target-price reduction reflects weaker FY26E-FY27E EBITDA, net profit and free cash flow after the stepped-up investment programme; it is partly offset by an unchanged FY28E revenue view and FY30E EBITDA of US$25.4m. At S$0.195, the revised target implies 89.2% upside.

What changed since initiation

- Near term: FY26E revenue is unchanged, but lower gross margin and higher operating expenses deepen the forecast loss.
- Medium term: FY27E revenue is trimmed, while FY28E revenue and the long-run platform mix remain broadly intact.
- Catalysts: 2H26 cost discipline, order-book conversion, additional Glovo launches and measurable AI monetisation.

Forecast revision and valuation bridge

The revision is concentrated in FY26E-FY27E earnings rather than the revenue architecture. Our model reaches modest EBITDA profitability in FY27E and an 8.5% margin in FY28E, ahead of management's stated two-to-three-year adjusted EBITDA profitability window.

Figure 2: KGI's DCF Model Modification

Forecast / valuation	FY26E revenue	FY26E GP	FY26E EBITDA	FY26E net profit	FY27E revenue	TP (S$)
Initiation (7 May)	41.3	11.9	(1.0)	(1.4)	60.3	0.39
1H26 update	41.3	11.6	(4.8)	(4.5)	58.7	0.37
Change	0.0%	-2.9%	n.m.	n.m.	-2.7%	-7.7%
DCF inputs	**11.0% WACC**	**10.0x exit**	**FY30 EBITDA**	**US$25.4m**	**USD/SGD 1.25**	
						S$0.37

DCF VALUATION *All Amounts Stated in USD unless stated otherwise* *Year Ended 31' Dec*	FY26	FY27	FY28	FY29	FY30
			Projected		
EBIT	(4,834,022)	1,321,806	7,956,706	17,668,597	25,255,782
Tax rate	16.0%	16.0%	16.0%	18.0%	18.0%
EBIT (1-T)	**(4,060,578)**	**1,110,317**	**6,683,633**	**14,488,249**	**20,709,741**
(+) D&A	79,898	145,375	165,926	184,958	187,858
(-) Change in NWC	(2,905,543)	(248,453)	(453,265)	(864,070)	(1,106,934)
(-) Capex	(1,146,500)	(1,146,500)	(1,146,500)	(1,146,500)	(1,146,500)
Free Cash Flow	**(8,032,723)**	**(139,261)**	**5,249,794**	**12,662,638**	**18,644,166**
Total FCFF to be Discounted	**(8,032,723)**	**(139,261)**	**5,249,794**	**12,662,638**	**18,644,166**
PV of Free Cash Flow	**(7,236,687)**	**(113,028)**	**3,838,604**	**8,341,272**	**11,064,405**
FY30E EV/EBITDA	10.0x				
Enterprise Value	**166,890,188**				
(-) Debt	-				
(+) Cash	1,449,484				
Equity Value	**168,339,672**				
Diluted Shares Outstanding	570,241,255				
Fair Value / Share (US$)	**0.295**				
USD/SGD	1.25				
Fair Value / Share (S$)	**0.37**				
Current Share Price (S$)	0.195				
Upside / (Downside)	**89.2%**				

Source: Company, KGI Research

Six-Month Thesis Check

Strategic evidence strengthened; the earnings timetable moved out

The initiation case framed Toku as an orchestration platform for complex, regulated and multi-country customer engagement—not as a pure CPaaS vendor. Evidence since then supports the demand and localisation pillars: Glovo moved into production, Tier 1 accounts more than doubled, the Middle East footprint widened and Makimoto Kawa shipped on schedule.

The change is financial rather than strategic. Usage grew fastest in 1H26, diluting blended margin, while management invested ahead of revenue in sales, engineering and infrastructure. We therefore preserve the longer-run mix-shift thesis but require stronger proof of order-book conversion, software monetisation and 2H cost discipline.

Figure 3: KGI's view on 1H26 results

Initiation pillar	Evidence since initiation	KGI's View
Complex-market demand	Glovo live in 4 European markets; Middle East coverage 2 to 8 by 27 Jul	Strengthened
Land and expand	Expansion bookings +49%; Tier 1 accounts >2x; Glovo has 18 markets in scope	Strengthened, timing unquantified
Higher-margin mix	Bookings GM 89%, but 1H blended GM fell 0.6ppt to 23.9%	Delayed
AI monetisation	AI-live MRR uplift ~26%; Kawa launched 1 Jul; AI revenue not material	Early evidence only
Operating leverage	Underlying opex +40%; adjusted EBITDA loss widened to US$2.9m	Pushed out
Balance sheet	US$4.0m cash, no borrowings, US$11.0m equity at 30 Jun	De-risked

Source: Company, KGI Research

Usage remains the distribution rail; software drives the valuation case

Toku's model combines consumption-led Usage, recurring Subscriptions & Licensing, deployment-led Professional Services, Maintenance and immaterial Hardware. The composition matters because each stream has different predictability, margin and working-capital characteristics.

The updated model grows revenue from US$34.8m in FY25A to US$129.2m in FY30E. Usage remains the largest stream throughout, while Subscriptions & Licensing rises from 16.2% of revenue in FY25A to 25.0% in FY30E. The forecast therefore depends on both scale and mix—not on Usage volume alone.

Subscriptions & Licensing is the highest-value stream

Subscriptions & Licensing revenue increased 10.4% YoY to US$3.1m in 1H26 and represented 16.6% of group revenue. Management expects double-digit growth to continue in 2H26. This is the stream most directly linked to Toku's software, workflow and AI monetisation thesis.

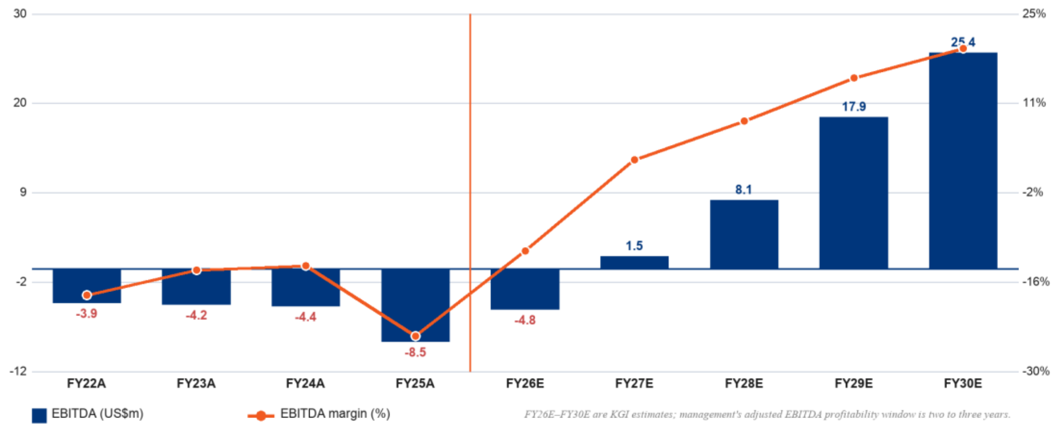
Our FY26E forecast of US$7.8m implies a stronger second half than the first. The model then reaches US$12.5m in FY27E and US$32.3m in FY30E, supported by core platform expansion and increasing AI-suite attachment.

FY25 was the investment trough; FY26 must demonstrate operating leverage

Adjusted EBITDA loss widened to US$2.9m in 1H26 from US$1.2m as underlying operating expenses rose 40.0% to US$7.5m. Toku added sales coverage, engineering capacity and infrastructure ahead of expected enterprise roll-outs.

The updated model records a US$4.8m EBITDA loss in FY26E before moving to US$1.5m profit in FY27E. Management's stated adjusted EBITDA profitability window is two to three years; our forecast is therefore **more demanding** and depends on reported operating expenses falling below the 1H26 level in 2H26.

Figure 4: EBITDA and EBITDA margin



Source: Company, KGI Research

The IPO repaired the balance sheet

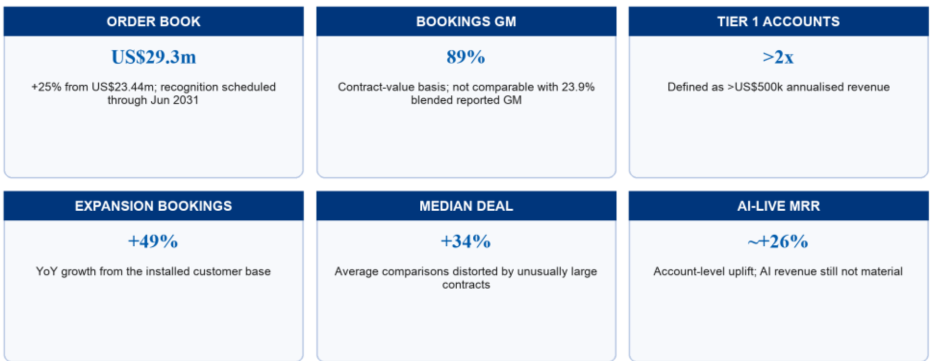
Cash and bank balances increased to US$4.0m on 30 June 2026 from US$2.0m at end-FY25, borrowings were repaid and FVPL liabilities converted. Total equity improved to US$11.0m from a US$4.9m deficit, while net current assets reached US$2.0m.

The stronger balance sheet does not eliminate funding discipline. 1H26 operating cash outflow was approximately US$3.0m excluding listing-related payments; investing cash outflow was US$1.2m and financing inflow US$8.0m. Lease liabilities of US$1.2m remain and are distinct from borrowings. Our model remains free-cash-flow negative in FY26E and FY27E before turning positive in FY28E.

Leading indicators improved

Toku's order book reached US$29.3m, 25% above the US$23.44m Offer Document baseline, with scheduled revenue through June 2031. Tier 1 accounts more than doubled and expansion bookings rose 49% YoY. Median deal size increased 34%, even though average deal size fell 37% versus the FY25 average and 18% versus unadjusted 1H25 because the comparison included unusually large contracts.

Figure 5: Commercial leading indicators at 1H26



Source: Company data, KGI Research

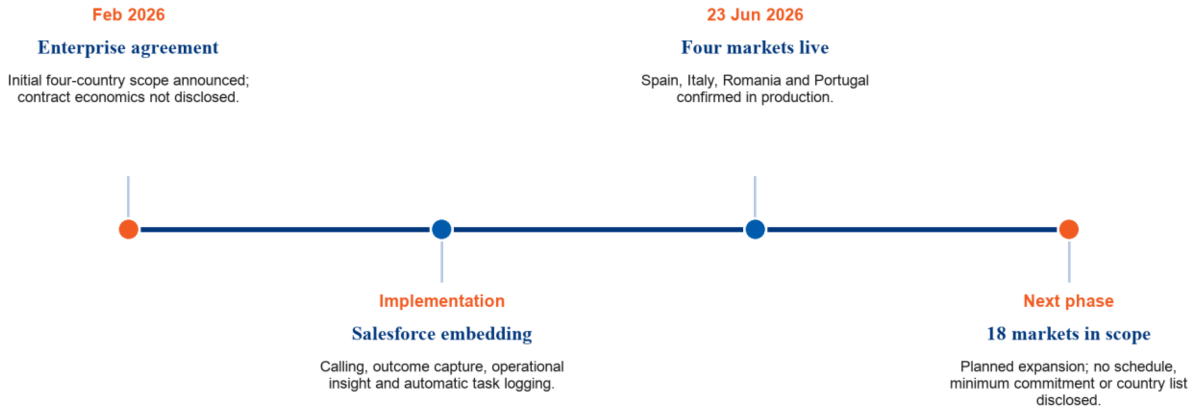
Product and geographical milestones

Glovo Development

Toku announced on 23 June 2026 that Glovo had gone live in Spain, Italy, Romania and Portugal. This was the first phase of the enterprise agreement announced in February, with a further 18 markets planned.

Agents can conduct partner conversations through Toku directly inside Salesforce, with calls, outcomes and task logging consolidated in one workflow. The configuration is standardised across markets while accommodating local connectivity, regulatory and operating requirements.

Figure 6: Glovo roll-out milestones and embedded workflow



Source: Company data, KGI Research

Cross-brand credibility expands, while ownership change adds concentration risk

Glovo follows deployments with Delivery Hero's PedidosYa businesses in Latin America and relationships in the Middle East. The evidence supports Toku's ability to reuse its integration and localisation capability across a global customer group, but contracts are signed by individual brand or market entities.

On 16 July 2026, Uber announced a voluntary takeover offer for Delivery Hero, with SSW Partners expected to acquire 14 markets, subject to conditions and targeted for 2H27. Toku reported continued orders and no operational impact to date. We nevertheless add ownership and procurement risk to the monitoring list.

Figure 7: Delivery Hero ecosystem

Region / brand	Operating evidence	Read-through	Risk control
LATAM / PedidosYa	Earlier deployments	Reusable delivery-platform playbook	Separate brand entities
Europe / Glovo	4 countries live	Named multi-market Salesforce proof	18 markets not yet live
MENA / Talabat	8 markets; 8,000+ users	Scale and localisation reference	Regional/geopolitical exposure
APAC / Foodpanda	Customer relationship disclosed	Four-region group referenceability	Common parent exposure
Ownership event	**Uber offer: SSW to acquire 14 markets**	**Could change procurement after closing**	**2H27 target; conditional; no impact to date**

Source: Company data, KGI Research

Makimoto Kawa shipped on schedule, ahead of material revenue

Makimoto Kawa went live on 1 July 2026, meeting the April roadmap commitment. The Singapore-built and hosted post-conversation transcription API supports recorded calls, voicemail and archived interactions, with speaker separation and segment timestamps.

A public playground and 1,000 free minutes per month lower developer adoption friction. A real-time API for live agents, captioning and in-conversation analytics is planned next, while Makimoto intends to open-source more of the stack during 2026.

Figure 8: Makimoto Kawa product roadmap

Source: Company data, KGI Research

Middle East expansion

Toku's Middle East coverage had expanded from two to eight markets: Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Qatar and the UAE. Demand is strongest in government and regulated sectors, where local, sovereign or hybrid deployment can be decisive.

A scaled reference account anchors a broader Arabic-AI route to market

Talabat is live across eight Middle East markets with more than 8,000 users across inbound and outbound workflows. Toku achieve approximately 80% customer satisfaction and more than 20% improvement, using a contact-centre stack integrated with Talabat's CRM, Salesforce, APIs and bring-your-own-carrier configuration.

Sestek memorandum creates a route to collaborate on Arabic-language AI, while Toku is pursuing public-sector tenders through a regional systems integrator and sovereign-cloud partners. The route to market is credible and we remain constructive on Toku's growth trajectory.

Figure 9: Middle East enterprise stack and go-to-market

Source: Company data, KGI Research

Catalyst, Risks & Monitoring

Figure 10: Middle East enterprise stack and go-to-market

Metric	Expectation	Evidence of success	Warning sign	Timing
Operating leverage	>13% YoY organic revenue growth; reported opex below c.US$8.1m; double-digit Subscriptions & Licensing growth	Growth and cost targets achieved together; absolute gross profit rises and blended margin begins to recover	Growth remains Usage-led, margin weakens or opex re-expands	**2H26 results**
Order-book & Glovo conversion	US$29.3m order book converts; rollout extends beyond four live markets; Tier 1 expansion continues	Recognised revenue rises; more markets go live and deployment economics are disclosed	The 18 markets remain only planned/in scope; conversion slows or new revenue carries weak margins	**2H26 updates / FY27**
AI monetisation	Deliver the real-time API after the post-conversation launch; progress from trials to paid usage	Named paying customers, recurring revenue, product attachment and retention are disclosed	Further announcements or free/demo usage without measurable paid revenue	**During 2026**
Middle East execution	Advance Arabic AI, the Sestek MoU, UAE entity, sovereign-cloud partners and public tenders	Definitive agreements, paid wins, deployment dates and commercial economics are disclosed	Non-binding initiatives remain unconverted while regional investment rises	**Next update / FY26**
Funding headroom	Operating cash outflow narrows from c.US$3.0m	Burn moderates, the c.US$4.0m cash base stabilises and no borrowing is required for operations	Continued burn materially reduces liquidity or creates a funding need	**2H26 cash flow / FY26**
Delivery Hero concentration	Renewals, new orders and deployments remain intact through the ownership process	Continued orders; separate brand and market contracts renew without disruption	Procurement centralisation, vendor rationalisation or delayed deployment decisions	**Through targeted 2H27 completion**

Source: KGI Research

Financial Summary

INCOME STATEMENT (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	31,788	34,755	41,340	58,687	95,294
Cost of sales	(23,087)	(26,324)	(29,765)	(39,907)	(59,060)
Gross profit	**8,701**	**8,431**	**11,575**	**18,780**	**36,234**
Headcount Costs	(9,579)	(11,479)	(12,402)	(11,737)	(19,059)
Other Operating Income/(Costs)	(3,483)	13,082	11,160	5,533	(3,923)
EBITDA	**(4,361)**	**10,035**	**10,334**	**12,576**	**13,253**
Depreciation & amortisation	170	167	80	145	166
Operating profit (EBIT)	**(4,191)**	**10,202**	**10,414**	**12,721**	**13,419**
Net finance income / (cost)	(742)	(767)	(86)	10	6
Other gains / (losses)	(342)	(19,315)	(15,622)	(11,774)	(5,924)
Profit before tax	**(5,274)**	**(9,880)**	**(5,295)**	**957**	**7,501**
Tax expense	(18)	(800)	(847)	153	1,200
Minority interests	-	-	-	-	-
Net profit (PATMI)	**(5,257)**	**(9,080)**	**(4,447)**	**804**	**6,301**
EPS (adj. S$ cents)	-0.92	-1.59	-0.78	0.14	1.10
DPS (adj. S$ cents)	N.A.	N.A.	N.A.	N.A.	N.A.

CASH FLOW STATEMENT (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before tax	(5,274)	(9,880)	(5,295)	957	7,501
Depreciation & amortisation	170	167	80	145	166
Working capital changes	254	1,528	(2,906)	(248)	(453)
Tax paid	18	-	847	(153)	(1,200)
Other operating items	1,059	4,175	86	(10)	(6)
Operating cash flow	**(3,774)**	**(4,010)**	**(7,187)**	**691**	**6,007**
Capex	(29)	(50)	(200)	(100)	(100)
Addition of intangible assets	(1,009)	(1,147)	(1,147)	(1,147)	(1,147)
Other investing items	(1,203)	(552)	14	10	6
Investing cash flow	**(2,241)**	**(1,748)**	**(1,333)**	**(1,236)**	**(1,240)**
Issuance of shares	2,500	86	12,100	-	-
Proceeds from borrowings	4,576	2,522	-	-	-
Repayment of loans and borrowings	(2,256)	(2,420)	(3,983)	-	-
Other financing items	827	6,728	(100)	-	-
Financing cash flow	**5,647**	**6,916**	**8,017**	**-**	**-**
Forex gains/(loss)	**7**	**-**	**-**	**-**	**-**
Net change in cash	**(367)**	**1,158**	**(503)**	**(546)**	**4,767**
Beginning cash	**1,154**	**794**	**1,952**	**1,449**	**904**
Ending cash	**794**	**1,952**	**1,449**	**904**	**5,671**

BALANCE SHEET (S$'000)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and bank balances	1,234	1,952	1,449	904	5,671
Trade and other receivables	5,449	4,257	4,530	6,431	10,443
Prepayments	235	273	326	437	647
Contract assets	811	638	827	1,174	1,906
Other assets	913	751	906	1,608	2,611
Current assets	**8,643**	**7,870**	**8,039**	**10,554**	**21,278**
Property, plant & equipment	196	123	286	300	310
Goodwill on acquisition	4,443	4,443	4,443	4,443	4,443
Other non-current assets	1,808	3,703	4,806	5,893	6,964
Non-current assets	**6,447**	**8,269**	**9,535**	**10,636**	**11,717**
Total assets	**15,090**	**16,139**	**17,574**	**21,191**	**32,995**
Trade payables	8,277	7,914	5,708	7,653	11,326
Contract liabilities	2,137	1,842	1,860	2,641	4,288
Other current liabilities	2,078	8,412	-	-	-
Current liabilities	**12,493**	**18,168**	**7,569**	**10,294**	**15,615**
Long-term borrowings	1,803	2,650	-	-	-
Other non-current liabilities	131	253	207	293	476
Non-current liabilities	**1,934**	**2,903**	**207**	**293**	**476**
Total liabilities	**14,427**	**21,071**	**7,775**	**10,588**	**16,091**
Retained earnings	(18,605)	(26,305)	(30,752)	(29,949)	(23,648)
Other Share Capital	19,268	21,373	40,551	40,551	40,551
Total equity	**663**	**(4,932)**	**9,799**	**10,603**	**16,904**

KEY RATIOS & VALUATION	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth (%)	10.3%	9.3%	18.9%	42.0%	62.4%
Gross margin (%)	27.4%	24.3%	28.0%	32.0%	38.0%
EBITDA margin (%)	(13.7%)	(24.6%)	(11.5%)	2.5%	8.5%
Net profit margin (%)	(16.5%)	(26.1%)	(10.8%)	1.4%	6.6%
ROE (%)	(792.5%)	184.1%	(45.4%)	7.6%	37.3%
ROA (%)	(34.8%)	(56.3%)	(25.3%)	3.8%	19.1%
Net debt / equity (x)	5.9x	(0.8x)	-	-	-
Net debt / EBITDA (x)	(0.9x)	(0.5x)	-	-	-
Dividend payout (%)	N.A.	N.A.	N.A.	N.A.	N.A.
P/E (x)	(20.9x)	(12.1x)	(24.7x)	136.9x	17.5x
EV/EBITDA (x)	(25.2x)	(12.9x)	(23.1x)	75.0x	13.5x
Dividend yield (%)	N.A.	N.A.	N.A.	N.A.	N.A.

Source: Company, KGI Research estimates

KGI's Ratings

The following table summarises the ratings convention used by KGI Securities in this and other research reports.

Rating	Definition
Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Neutral (N)	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Underperform (U)	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon
Not Rated (NR)	The stock is not rated by KGI Securities.
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