Toku Ltd.

(TOKU SP/TKU.SI)

Built for Complexity, Scaling with AI

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- **AI-powered CX platform built for complex markets.** Toku is a Singapore-based customer experience platform unifying connectivity, cloud communications, workflow automation and AI across voice, messaging, chat, email and digital channels. The company's differentiation is strongest in fragmented markets where enterprises face regulatory, linguistic, telephony and deployment complexity. Its presence across more than 30 countries, 50+ carrier relationships, enterprise-grade certifications and in-country deployment flexibility allow Toku to compete less on generic software breadth and more on execution quality in complex APAC-led operating environments.
- **Usage remains the core revenue engine, but platform mix is improving.** In the medium-term, the sales mix shifts toward Subscriptions and Licensing, which grew from 9.9% of revenue in FY2022 to 17.6% in FY2024, with subscription NRR above 150% during the period under review. We think this mix shift should gradually improve revenue quality, customer stickiness and gross margin as the platform layer becomes a larger share of customer spend.
- **Core AI Suite creates a credible route to higher-value monetisation.** Toku's proprietary AI capabilities span transcription, summarisation, conversation analytics and sentiment analysis, with the roadmap extending toward AI chat and voice agents. We think this matters because enterprise AI adoption in CX remains constrained by data, workflow, compliance and language complexity. Toku's AI proposition is therefore not simply generic automation. It is a practical enterprise layer designed for multilingual, regulated and low-quality audio environments, where accuracy, governance and deployment control are more valuable than standalone chatbot functionality.

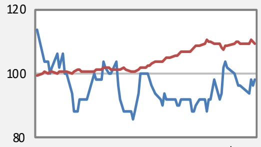
Financials & Key Operating Statistics

YE Dec (USD$'000)	2024	2025	2026F	2027F	2028F
Revenue	31,788	34,755	41,340	60,314	95,294
Net Income	(5,257)	(9,080)	(1,400)	1,442	7,799
EPS (SGD)	(0.01)	(0.02)	(0.00)	0.00	0.02
EPS growth (%)	N.A.	N.A.	N.A.	N.A.	441.0%
Net Profit Margin (%)	-16.5%	-26.1%	-3.4%	2.4%	8.2%
Net Debt/ (Net Cash) Gearing (%)	N.A.	N.A.	N.A.	N.A.	-298.7%
ROA (%)	-34.8%	-56.3%	-8.9%	6.8%	21.3%

Source: Company data, KGI Research

- **FY25 results and key takeaways.** Toku delivered FY2025 revenue of US$34.8M, up 9.3% YoY, led by a 21.0% increase in Usage revenue. Gross profit was US$8.4M, while adjusted EBITDA improved 17.8% to its strongest full-year level, supported by disciplined cost control and a 7.5% decline in underlying operating expenses.

Outperform - Initiation			
Price as of 7 May 26 (SGD)	0.25	**Performance (Absolute)**	
12M TP ($)	0.39	1 Month (%)	15.9
Previous TP ($)	-	3 Month (%)	4.3
Upside, incl div (%)	56.0%	12 Month (%)	N.A.
Trading data		**Perf. vs STI Index (Red)**	
Mkt Cap ($mn)	145		
Issued Shares (mn)	570		
Vol - 3M Daily avg (mn)	1.6		
Val - 3M Daily avg ($mn)	0.4		
Free Float (%)	48.6%		
Major Shareholders		**Previous Recommendations**	
DELIVERY HERO VENTURES	13.4%		
Neptune Invest Asia Pte Ltd	10.0%		
TEMBUSU GROWTH FUND II	7.3%		



- **Cycle and end-market setup.** We expect demand for enterprise CX transformation to remain constructive as APAC companies move from fragmented legacy systems toward cloud, automation and AI-enabled customer engagement. Toku is positioned in a market where enterprises increasingly require multilingual support, data sovereignty, omnichannel workflows and measurable cost-to-serve reduction.

Valuation & Action: We initiate an **OUTPERFORM** rating and derive the TP of **S$0.39** from a DCF-based valuation framework. We think DCF is the most appropriate method because near-term earnings remain distorted by investment-phase costs, listing-related transition items and the company's still-evolving revenue mix.

Risks: Slower enterprise adoption, delayed AI monetisation, weaker usage volume growth, pricing pressure in CPaaS, and execution risk in partner-led delivery could limit revenue growth and margin expansion. However, we think execution risk is partly mitigated by its established enterprise customer base, regional deployment capability, improving adjusted EBITDA trajectory and clearer post-IPO capital structure.

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Investment Thesis

We think Toku's most important strategic asset is not any single product, but rather the way its stack has been assembled for a specific problem set. Enterprises operating across Southeast Asia and other fragmented markets often face simultaneous regulatory, linguistic, telephony, and deployment constraints. In that context, a solution that bundles connectivity, communications APIs, workflow software, implementation capability, and multilingual AI can be more valuable than a best-of-breed tool that assumes standardised infrastructure.

Toku's positioning in complex markets looks more differentiated than the company's size would normally imply. We place the group in a competitive set that spans legacy on-prem vendors, global CCaaS leaders, UCaaS vendors, hyperscalers, and cloud-native peers. Yet Toku's value proposition is narrower and more practical: hybrid deployment flexibility, in-country processing options, local carrier integration, and AI tuned for accents, code-switching, and low-quality audio. We think this is why the company has been able to serve government agencies, multinational enterprises, and digitally native platforms across more than 30 countries despite modest scale.

The revenue mix appears to be evolving in a direction that can support better economics over time. Usage still represented the majority of FY2025 revenue and rose faster than the rest of the portfolio, which diluted blended margin. However, the higher-value layers are becoming more visible. Subscriptions and licensing expanded from 9.9% of revenue in FY2022 to 17.6% in FY2024, subscription NRR was above 150% during the period under review, and management continues to frame Core AI Suite adoption as a future contributor to both revenue quality and margin. In our view, that is the crux of the story: Toku does not need to look like a pure software company immediately, but it does need to prove that the software and AI layers can become a larger share of customer spend.

The delivery model is beginning to shift from founder-led and direct-sales-heavy execution toward a more scalable operating architecture. Roughly 90% of new deal revenue had still been sourced directly through the salesforce, but the company is building a partner ladder from referral to reseller to full system integrator. That matters because professional services can enable adoption while also constraining scale if delivery remains internal. If the partner programme matures as planned, Toku could preserve customer intimacy at the solution-design level while externalising a larger part of implementation and support intensity.

Near-Term Growth

Toku is still in an investment phase, but the more important debate is whether the company can compound higher-quality platform revenue while allowing delivery costs and headcount to scale sub-linearly.

Our base case assumes revenue grows from US$34.8m in FY25 to US$129.2m in FY30, equivalent 5yr CAGR of 30.1%. Gross profit grows faster from US$8.4m to US$61.0m, as gross margin expands from 24.3% to 47.2%. We think investors should look past near-term profitability because FY25 and FY26 still reflect the cost of becoming a public, regional enterprise platform rather than the mature economics of the installed base.

In our view, the valuation case rests on three linked assumptions: 1) usage remains the largest revenue pool and supports customer expansion, 2) subscriptions, licensing and support become a larger proportion of revenue and lift gross margin, and 3) professional services enable enterprise deployments without becoming the terminal value driver. This produces a business that screens loss-making today but should become more rewarding as scale, mix shift and operating leverage arrive together.

Figure 1: Our Revenue and Gross Profit Forecast

US$m	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Usage	23.9	26.7	36.8	54.9	68.6	77.3
Subscriptions & Licensing	5.6	7.8	12.5	21.8	28	32.3
Professional Services	2.4	3.6	7	13.5	15.4	12.4
Maintenance & Support	2.6	3	3.8	4.9	5.9	6.9
Hardware Sales	0.2	0.2	0.2	0.2	0.2	0.2
Total Revenue	**34.8**	**41.3**	**60.3**	**95.3**	**118.1**	**129.2**
Revenue growth	9.3%	18.9%	45.9%	58.0%	24.0%	9.3%
Gross margin	24.3%	28.8%	33.4%	38.0%	42.6%	47.2%
Gross Profit	**8.4**	**11.9**	**20.1**	**36.2**	**50.3**	**61**

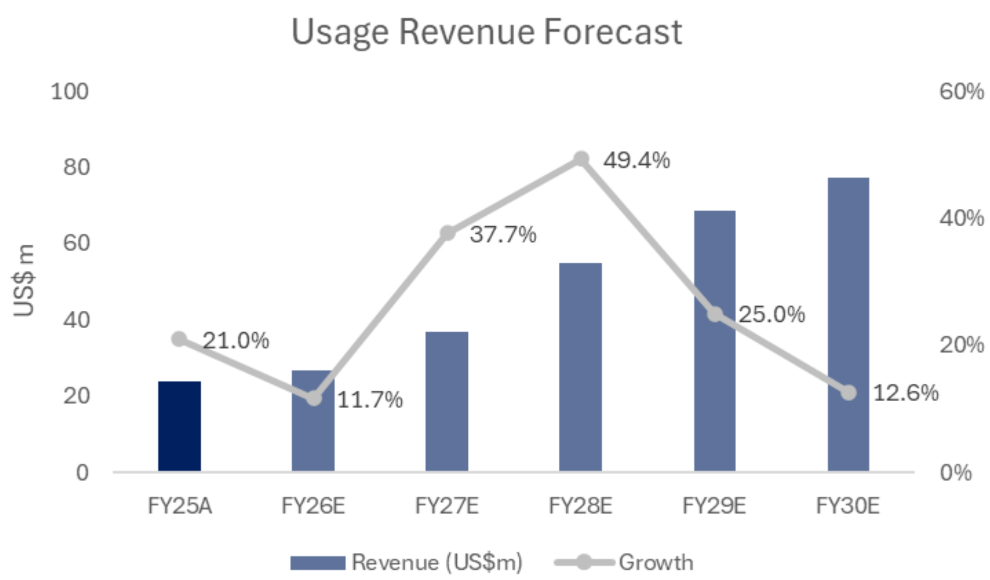
Source: KGI Research

Usage: still the largest revenue pool, but no longer the whole story

Usage revenue remains Toku's largest segment, rising from US$23.9m in FY25 to US$77.3m by FY30. We model a modest FY26 recovery of 11.7%, followed by 37.7% growth in FY27 and 49.4% growth in FY28, before growth moderates to 25.0% in FY29 and 12.6% in FY30. The shape of the forecast reflects enterprise onboarding realities: voice, messaging and API volumes do not turn on instantly, especially in regulated and cross-border markets where provisioning, corridor set-up, customer testing and production ramp-up matter.

We think the market should avoid treating Usage as a commoditised CPaaS pass-through line only. Voice remains a premium interaction channel in enterprise CX, and AI makes those interactions more valuable by enabling transcription, summarisation, analytics and workflow automation. That said, we do not assume usage revenue alone drives the re-rating. Usage provides volume, customer relevance and cross-sell surface area, while the margin uplift comes from higher platform attach and better routing, pricing and delivery quality over time.

Figure 2: Our Usage Revenue Forecast



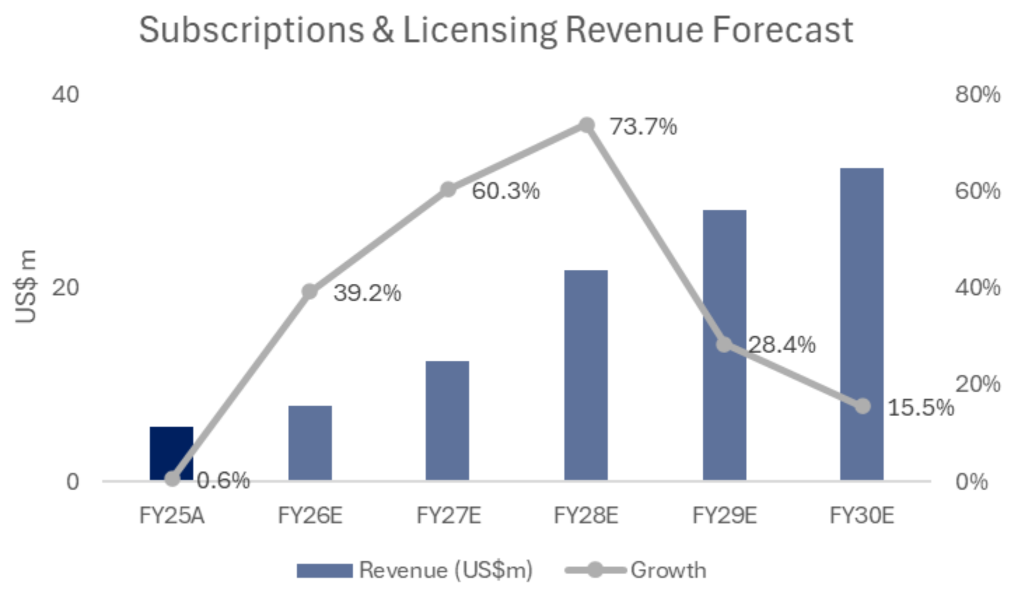
Source: KGI Research

Subscriptions & Licensing: the main quality-of-revenue upgrade

Subscriptions and Licensing is the segment we would watch most closely for evidence that Toku is becoming a higher-quality platform asset. Revenue grows from US$5.6m in FY25 to US$32.3m in FY30, implying the strongest structural contribution to mix and gross margin. We model growth accelerating to 39.2% in FY26, 60.3% in FY27 and 73.7% in FY28, before normalising to 28.4% in FY29 and 15.5% in FY30.

This segment is sticky because it is tied to platform access, feature licensing, enterprise workflows and installed-base expansion. The important point is that the segment is not just another revenue line, but the revenue pool that changes the margin profile. As subscriptions become a larger share of the business, Toku should be less dependent on lower-margin usage economics and better positioned to capture recurring platform gross profit. Near-term profitability should therefore be read in the context of building recurring revenue density, not as a static indicator of long-term earnings power.

Figure 3: Our Subscriptions & Licensing Revenue Forecast



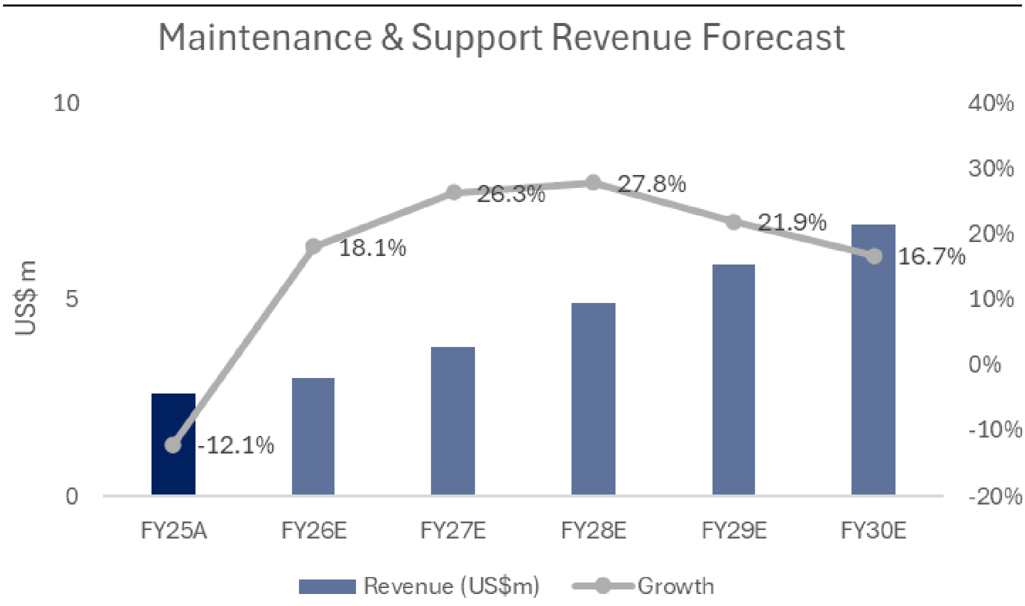
Source: KGI Research

Maintenance & Support: installed-base compounding, not a 3% legacy line

Maintenance and Support grows from US$2.6m in FY25 to US$6.9m in FY30. We model 18.1% growth in FY26, 26.3% in FY27, 27.8% in FY28, 21.9% in FY29 and 16.7% in FY30. This segment should compound with the installed base as more enterprise customers move into production and require account management, technical support and service delivery management.

The segment does not need to be large to matter. It supports customer retention and monetisation, and it should help reduce churn risk as Toku becomes more deeply embedded in enterprise workflows. We therefore treat Maintenance and Support as a durability signal rather than a major standalone growth engine.

Figure 4: Our Maintenance & Support Revenue Forecast



Source: KGI Research

Hardware Sales: immaterial and not strategic

Hardware Sales remain flat at c.US$0.2m from FY26 onward. We treat hardware as incidental to specific hybrid enterprise deployments rather than a strategic revenue driver. The valuation does not rely on this segment.

Margin Expansion

The most important output of the segment forecast is gross profit, not near-term net income. We expect gross margin to recover from 24.3% in FY25 to 28.8% in FY26, 33.4% in FY27 and 47.2% by FY30. This assumes three margin drivers: revenue mix shifts toward higher-margin subscriptions and licensing, proprietary technology replaces some third-party components, and partner-delivered services improve delivery efficiency as the company scales.

This is why we would encourage investors to look past the near-term loss profile. FY25 profitability was distorted by IPO-related and non-cash items, while FY26 still reflects a capacity-building year. The more relevant analytical question is whether each additional dollar of recurring platform revenue can carry materially higher incremental gross profit than the current blended margin. Our forecast answers yes, but with a deliberate profitability timeline rather than an immediate step-change.

Figure 5: Our Margin Analysis

Margin Analysis	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Gross margin	24.3%	28.8%	33.4%	38.0%	42.6%	47.2%
Operating margin	-25.2%	-2.8%	3.8%	10.4%	15.0%	19.6%
EBITDA margin	-24.6%	-2.5%	3.9%	10.5%	15.1%	19.7%
Net margin	-26.1%	-3.4%	2.4%	8.2%	11.8%	15.6%

Source: KGI Research

Hybrid CPaaS/CCaaS Asset, Not a Clean Single-Business Story

Toku does not map cleanly to one listed peer group. The Usage segment links it to CPaaS infrastructure companies such as Twilio, Bandwidth, Sinch, Tanla and Route Mobile. Subscriptions and Licensing link it to CCaaS and CX software companies such as NICE, Five9, RingCentral, 8x8, Sprinklr, Verint, Zoom and Cisco. The AI roadmap gives it exposure to conversational AI, while Professional Services and Support make regional APAC communications/CX integrators relevant as a lower-multiple reference point.

We therefore use peers as a valuation cross-check rather than the primary method. Toku currently trades as a small, recently listed, loss-making Catalist company, which is appropriate given limited public-market history and execution risk. However, if the company delivers the FY27 to FY30 margin inflection, investors should progressively compare it less with services-heavy integrators and more with software-led CX and communications platforms. The re-rating path is therefore a migration story: from near-term loss-making micro-cap to scaled APAC enterprise CX platform with rising recurring revenue mix.

Figure 6: Peer Comparison

Bloomberg Ticker	Company Name	Last Price (local $)	Currency Adj. Market Cap (US$ m)	Dividend Yield (%) FY25	Dividend Yield (%) FY26F	Net Gearing (%)*	P/E 12M	P/E Forward	P/B FY25	P/B FY26F	EV/EBITDA Forward 1Y	EV/EBITDA Forward 2Y	Revenue Growth FY25	Gross Margin FY25	Net Margin FY25	YTD Price Performance (%)	1YR Price Performance (%)	1YR Total Returns (%)
Toku SP	**TOKU LTD**	**SGD 0.24**	**107**	**-**	**-**	**NA**	**NA**	**NA**	**-**	**-**	**-**	**-**	**9%**	**24%**	**-25%**	**N/A**	**-4.0**	**N/A**
	CPaaS infrastructure																	
TWLO US	TWILIO INC - A	USD 189.67	28,787	0.0	-	-17.8	192.4 x	33.5 x	2.8 x	3.6 x	24.9 x	21.2 x	14%	49%	1%	33.3	84.1	84.1
BAND US	BANDWIDTH INC-CLASS A	USD 45.02	1,441	0.0	-	90.3	N/A	25.0 x	1.2 x	-	13.0 x	11.5 x	1%	39%	-2%	191.4	269.6	269.6
SINCH SS	SINCH AB	SEK 33.20	2,763	0.0	-	27.9	123.0 x	48.5 x	1.1 x	1.1 x	9.4 x	8.6 x	-6%	35%	1%	5.5	40.1	40.1
TANLA IN	TANLA PLATFORMS LTD	INR 530.45	737	3.2	-	-41.7	13.8 x	12.6 x	2.0 x	-	7.6 x	6.6 x	10%	27%	12%	0.9	6.4	8.7
ROUTE IN	ROUTE MOBILE LTD	INR 555.70	367	1.2	2.4	-35.7	11.0 x	9.8 x	2.4 x	1.4 x	4.7 x	4.6 x	14%	N/A	7%	-20.8	-43.0	-42.2
	Average		**6,819**	**0.9**	**2.4**	**4.6**	**85.0x**	**25.9x**	**1.9x**	**2.0x**	**11.9x**	**10.5x**	**6%**	**37%**	**4%**	**42.1**	**71.4**	**72.1**
	Median		**1,441**	**0.0**	**2.4**	**(17.8)**	**68.4x**	**25.0x**	**2.0x**	**1.4x**	**9.4x**	**8.6x**	**10%**	**37%**	**1%**	**5.5**	**40.1**	**40.1**
	CCaaS / CX software																	
NICE US	NICE LTD - SPON ADR	USD 124.19	7,504	-	0.0	-8.5	N/A	11.3 x	-	1.8 x	7.6 x	7.1 x	8%	66%	21%	9.9	-21.4	-21.4
FIVN US	FIVE9 INC	USD 23.34	1,787	0.0	-	13.8	25.0 x	7.2 x	2.0 x	1.8 x	5.9 x	5.1 x	10%	55%	6%	16.4	-7.5	-7.5
RNG US	RINGCENTRAL INC-CLASS A	USD 47.25	3,972	0.0	0.6	N/A	56.8 x	9.7 x	-	-	7.4 x	7.1 x	5%	71%	3%	63.6	83.6	83.9
EGHT US	8X8 INC	USD 2.69	375	0.0	-	254.2	30.5 x	7.3 x	2.2 x	2.6 x	6.8 x	5.9 x	-2%	68%	-2%	36.5	50.3	50.3
CXM US	SPRINKLR INC-A	USD 5.38	1,259	0.0	0.0	-76.9	59.9 x	11.5 x	2.5 x	2.4 x	4.6 x	4.1 x	8%	67%	5%	-30.8	-30.3	-30.3
VRNT US	VERINT SYSTEMS INC	USD #N/A N/A	–	0.0	-	17.5	N/A	N/A	1.7 x	-	-	-	0%	71%	11%	N/A	15.9	N/A
ZM US	ZOOM COMMUNICATIONS INC	USD 106.63	31,428	0.0	0.0	-79.1	27.6 x	18.4 x	2.8 x	2.9 x	10.6 x	10.3 x	4%	77%	30%	23.6	36.3	36.3
CSCO US	CISCO SYSTEMS INC	USD 92.63	365,879	2.4	1.8	28.9	31.9 x	22.3 x	5.8 x	7.4 x	16.3 x	15.5 x	5%	65%	18%	20.3	56.2	59.7
AMZN US	AMAZON.COM INC	USD 272.05	2,926,472	0.0	0.0	11.4	38.8 x	27.7 x	6.0 x	5.5 x	13.8 x	10.9 x	12%	50%	11%	16.2	46.0	46.0
	Average		**2,979**	**0.0**	**0.2**	**45.6**	**43.1x**	**9.4x**	**2.2x**	**2.1x**	**6.4x**	**5.9x**	**6%**	**66%**	**6%**	**19.1**	**14.9**	**15.0**
	Median		**1,787**	**0.0**	**0.0**	**2.6**	**43.6x**	**9.7x**	**2.2x**	**2.1x**	**6.8x**	**5.9x**	**8%**	**67%**	**5%**	**16.4**	**(7.5)**	**(7.5)**
	Conversational AI / contact center AI																	
SOUN US	SOUNDHOUND AI INC-A	USD 9.47	4,036	0.0	-	-52.7	N/A	N/A	9.1 x	-	-	411.7 x	99%	42%	-99%	-5.0	3.0	3.0
LPSN US	LIVEPERSON INC	USD 2.65	32	0.0	-	N/A	N/A	N/A	-	-	89.8 x	-	-22%	72%	-14%	-31.5	-79.5	-79.5
	Average		**278,959**	**0.0**	**0.0**	**(52.7)**	**N/A**	**N/A**	**9.1x**	**N/A**	**89.8x**	**411.7x**	**39%**	**57%**	**-56%**	**(18.3)**	**(38.2)**	**(38.2)**
	Median		**3,476**	**0.0**	**0.0**	**(52.7)**	**N/A**	**N/A**	**9.1x**	**N/A**	**89.8x**	**411.7x**	**39%**	**57%**	**-56%**	**(18.3)**	**(38.2)**	**(38.2)**
	Regional APAC communications / CX integrators																	
TECHM IN	TECH MAHINDRA LTD	INR 1450.40	14,895	3.7	4.3	-20.8	26.7 x	18.9 x	4.1 x	4.1 x	12.4 x	11.5 x	7%	30%	9%	-8.8	-3.0	-0.2
HCLT IN	HCL TECHNOLOGIES LTD	INR 1202.00	34,187	4.7	5.2	-34.6	19.5 x	16.6 x	4.9 x	4.3 x	10.1 x	9.4 x	6%	33%	13%	-26.0	-23.4	-26.0
TIXT US	TELUS INTERNATIONAL CDA INC	USD #N/A N/A	–	0.0	-	69.5	N/A	N/A	0.6 x	-	-	-	-2%	81%	-3%	N/A	71.7	N/A
TTEC US	TTEC HOLDINGS INC	USD 2.78	135	0.0	-	813.8	N/A	2.3 x	1.8 x	-	4.3 x	4.3 x	-3%	22%	0%	-22.8	-27.0	-27.0
CNXC US	CONCENTRIX CORP	USD 23.51	1,434	3.8	6.1	189.8	N/A	2.0 x	0.8 x	-	4.0 x	3.8 x	2%	35%	0%	-43.5	-53.3	-51.6
SRT US	STARTEK INC	USD #N/A N/A	–	0.0	-	77.4	N/A	N/A	0.8 x	-	-	-	-18%	15%	3%	N/A	N/A	N/A
	Average		**12,663**	**2.0**	**5.2**	**183**	**23.1x**	**9.9x**	**2.2x**	**4.2x**	**7.7x**	**7.3x**	**-1%**	**36%**	**4%**	**(25.3)**	**(7.0)**	**(24.7)**
	Median		**8,165**	**1.8**	**5.2**	**73**	**23.1x**	**9.4x**	**1.3x**	**4.2x**	**7.2x**	**6.9x**	**0%**	**32%**	**2%**	**(24.4)**	**(23.4)**	**(23.5)**

*Negative Net Gearing = net cash position

Source: KGI Research

DCF Valuation

We use DCF as our primary valuation method because near-term earnings do not yet reflect Toku's mature economics. A P/E framework is not applicable while Toku is loss-making in FY25 and close to breakeven in FY26. A revenue multiple also over-simplifies the business because the company has multiple revenue streams with different gross margin and recurrence characteristics. DCF is therefore the cleanest way to capture the transition from investment phase to positive free cash flow.

Our DCF applies an 11.0% WACC and a 10.0x FY30E EV/EBITDA terminal multiple. The WACC reflects small-cap risk, execution risk, limited public-market history and the need to prove the FY27 to FY30 margin ramp. The 10.0x terminal multiple is deliberately below high-quality global software and CX leaders, but above slower-growth regional services peers. We view this as reasonable for a hybrid CPaaS/CCaaS platform if Toku reaches c.20% EBITDA margin by FY30.

Figure 7: DCF Valuation

DCF Valuation			Projected		
All Amounts Denominated in 000'USD unless otherwise stated					
Year ended 31 Dec	**2026**	**2027**	**2028**	**2029**	**2030**
EBIT	(1,106)	2,291	9,928	17,741	25,338
Tax Rate	16.0%	16.0%	16.0%	18.0%	18.0%
EBIT (1-T)	(929)	1,924	8,340	14,548	20,778
(+) D&A	80	83	100	112	105
(-) Change in NWC	255	861	1,750	94	(1,064)
(-) Capex	(50)	(100)	(100)	(50)	(50)
Free Cash Flow	(645)	2,768	10,090	14,704	19,769
Free Cash Flow to Firm	(645)	2,768	10,090	14,704	19,769
Terminal Value					254,436
Total FCFF to be Discounted	(645)	2,768	10,090	14,704	274,205
PV of Free Cash Flow	(581)	2,246	7,378	9,686	162,728
WACC	11.0%				
FY30E EV/EBITDA	10.0x				
Enterprise Value	**181,457**				
(-) Debt	3,983				
(+) Cash	1,952				
Equity Value	**179,426**				
Diluted Shares Outstanding ('000)	570,241				
Fair Value / Share (USD)*	0.315				
USD/SGD rate	1.250				
Fair Value / Share (SGD)*	**0.39**				
Current Share Price (SGD)	0.250				
Upside / (Downside)	56.0%				

Source: KGI Research

Our **S$0.39** fair value is based on DCF, supported by peer valuation as a cross-check. The key judgement is that investors should value Toku on the path to scaled gross profit and free cash flow, rather than penalise the company mechanically for losses during the investment phase. Toku is not yet a mature software compounder, but the valuation becomes materially more compelling if recurring platform revenue reaches critical mass and the cost base scales more slowly than revenue.

Risks to Rating and Price Target

Customer concentration remains meaningful. Two customers accounted for approximately US$9.9M of FY2025 revenue, or about 28.5% of the total. The magnitude alone means that volume volatility, procurement delays, or platform rationalisation by a single large customer can materially affect reported growth.

The margin profile is still in transition. Toku is not yet demonstrating the economics of a mature software platform, and recent results showed how quickly blended gross margin can compress when usage revenue grows faster than software and services. That does not invalidate the thesis, but it does increase the burden of proof around mix shift and pricing power.

Execution risk on the channel strategy is real. Referral relationships can be established relatively quickly, but moving partners up the stack into true resellers and delivery-capable integrators is time-intensive and requires enablement, certification, and joint commercial investment. Delays here would limit operating leverage and slow geographic scale-up.

The company has only recently emerged from a period of balance-sheet strain, convertible financing, and negative working capital optics. The IPO and subsequent clean-up materially improved the capital structure, but investors may continue to demand evidence of disciplined capital allocation and a clearer bridge to sustainable cash generation.

Competition is broad and evolving. Toku faces pressure not only from direct cloud-native peers, but also from legacy contact centre vendors modernising their stacks, hyperscalers offering developer frameworks, and CRM or workflow vendors embedding more AI-enabled customer service functionality into adjacent products

Company Outlook

Toku is a Singapore-incorporated, cloud-native customer experience platform vendor founded in December 2017. The group serves enterprises across APAC and beyond, with local entities across Singapore, Malaysia, Vietnam, Hong Kong, South Korea, Taiwan and other operating footprints, and it listed on SGX Catalist on 22 January 2026.

The company's product framing has broadened over time. What began more visibly as a communications and connectivity provider is now presented as a 360° CX platform spanning connectivity, embeddables, customer engagement software, and a Core AI Suite. We think that framing is broadly fair, though investors should still separate what is already commercial from what remains pilot-stage or forward-looking.

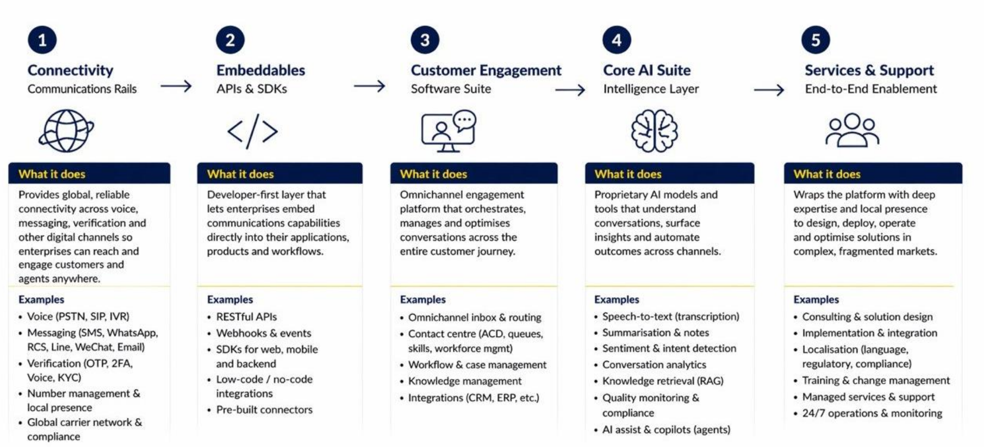
Importantly, Toku's installed base appears concentrated in customers with operational complexity rather than simple seat expansion needs. Management's ideal customer profile targets enterprises operating across at least three countries, spending more than US$120K annually on customer engagement, and facing regulatory, linguistic, or infrastructure constraints that make generic cloud deployment less straightforward. That customer definition supports higher solution complexity and stronger cross-sell potential, but it also implies a longer sales cycle and heavier pre-sales effort.

Business Model and Platform Architecture

Toku is best understood not as a single-point contact centre vendor, and not as a pure communications reseller, but as a vertically integrated enterprise CX stack built for markets where customer engagement is difficult to standardise. The company sits across connectivity, cloud communications, workflow orchestration, customer engagement applications, and proprietary AI capabilities. That positioning matters because many enterprise buyers in Southeast Asia and adjacent emerging markets are not solving one narrow problem such as voice minutes or a chatbot deployment. They are solving for fragmented telecom infrastructure, multiple regulators, multiple languages, inconsistent channel quality, and legacy systems that do not integrate cleanly. Toku's platform has been built around that reality.

Foundationally, the business model can be explained in five layers. First, Toku provides connectivity and communications rails that allow enterprises to connect customers and agents over voice, messaging, verification and other digital channels. Second, it offers embeddable APIs and SDKs so product teams can insert communications functions directly into their own workflows and applications. Third, it provides customer engagement software that helps enterprises manage omnichannel conversations and contact centre operations. Fourth, it overlays a proprietary Core AI Suite across those interactions, including transcription, summarisation, sentiment detection, and conversation analytics. Fifth, it wraps those modules with professional services, deployment, support, and localisation. This makes Toku less of a standalone software seat vendor and more of an operating layer for customer engagement in difficult markets.

Figure 8: Toku's Five-Layer Platform Architecture



Source: Company data, KGI Research

That stack is important because it drives five separate revenue streams rather than a single subscription line. In FY2024, usage revenue contributed 62.2% of group revenue, subscriptions and licensing at 17.6%, professional services at 10.4%, maintenance and support at 9.2%, and hardware sales were immaterial. In FY2025, usage remained the largest contributor at 68.8% of revenue, with subscriptions and licensing at 16.2%, professional services at 7.0%, maintenance and support at 7.4%. The shape of that mix helps explain why the market may misread Toku. A quick screen may classify the business as a lower-quality usage model because traffic remains the largest line. That misses the strategic direction of the model, which is to use communications and delivery as the installed base through which higher-value recurring software and AI are monetized.

In our view, one of the more important data points in the model is the change in software mix and cohort behaviour. Subscriptions and licensing rose from 9.9% of revenue in FY2022 to 17.6% in FY2024, while the company disclosed net revenue retention above 150% for subscriptions and licensing over the period under review. That suggests that once Toku lands an enterprise account and gets embedded into workflows, expansion can come from added modules, additional seats, cross-country rollout, or new AI capabilities rather than only from raw traffic growth. Said differently, the communications layer is not merely pass-through revenue. It can function as the distribution rail for software and AI expansion inside an existing account.

This is where the platform architecture matters. The architecture is modular, but the modules are designed to work as a system. The 360° CX Platform spans across connectivity, embeddables, customer engagement solutions, conversational AI, and agentic AI. In practical terms, that means an enterprise can start with one narrow entry point such as voice, messaging, verification, or a contact-centre deployment and progressively adopt broader workflow and AI capabilities over time. That lowers the friction of adoption relative to a full rip-and-replace purchase and improves the land-and-expand economics relative to a point solution vendor. The architecture is therefore commercially important, not just technically elegant.

Figure 9: Client's Journey with Toku

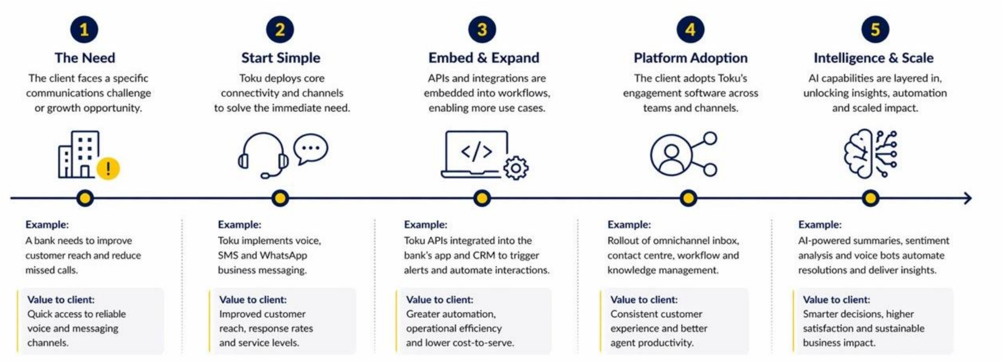
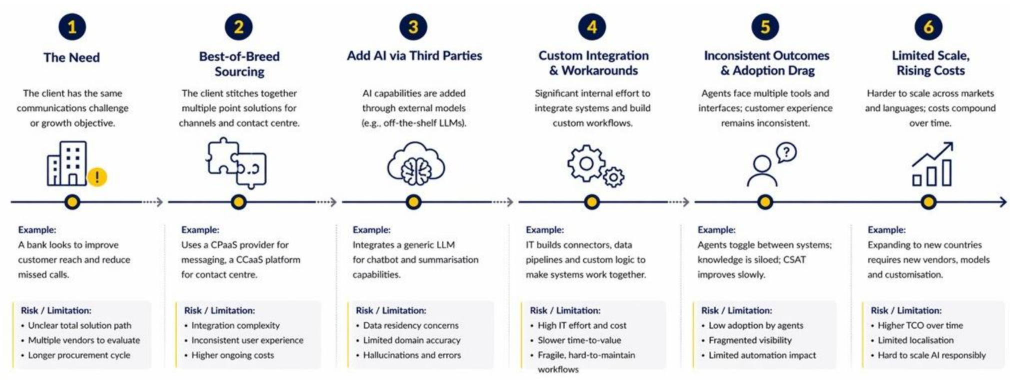


Figure 10: Client's Journey with a Generic Competitor



Source: KGI Research

The market also seems to underappreciate the difference between Toku's AI layer and a generic AI overlay. Much of enterprise AI in customer engagement still sits above the workflow, meaning AI can draft responses or automate narrow tasks, but it does not govern the process architecture underneath. Toku appears to be taking a process-first approach. Its Core AI Suite today includes Toku Transcribe, Toku Summarise, Conversation Analytics, and Sentiment Analysis, with AI Chat Agents and AI Voice Agents in development and customer pilots. More importantly, the company describes multi-tier verification, explicit state management, business rules embedded into AI workflows, and auditability for regulated environments. In plain language, this means Toku is trying to make AI usable inside real enterprise operating processes, not merely impressive in a demo. For BFSI, healthcare, government, and other high-control environments, that distinction matters.

Another angle investors may be missing is that Toku's moat is not a classic hyperscaler-scale moat. It is an execution moat built on localisation density. The company currently serves customers across 34 countries and has demonstrated successful expansion beyond core Southeast Asia into Latin America. Its AI stack has been optimised for diverse accents, code-switching, dialects, and lower-quality audio conditions, including regional English variants, Thai, Tagalog, Bahasa Melayu or Indonesia, and Mandarin. In advanced markets this may sound incremental. In fragmented markets it is commercially meaningful. Many global vendors perform well in standardised English-language environments but degrade when workflows involve mixed-language conversations, local telecom routing complexity, and region-specific compliance requirements. Toku's proposition is strongest exactly where standardised global products often require heavier customisation.

Figure 11: APAC English Comparison Benchmark*

Word Error Rate

Toku Transcribe	Whisper-large-v3	Whisper-large-v2	Amazon	Microsoft	Google (telephony model)	Google (telephony short)	Google (default)
3.7	16.79	17.3	20.7	22.45	28.82	32.27	55.85

*Based on 10,000 recordings. The sample population is equally represented in terms of genders and the top ethnicities: Malay, Indian, and Chinese.

Source: Company data

This localisation density also has economic implications. Today's revenue mix still reflects a meaningful usage and services component, which keeps margins below pure-play SaaS leaders. We do not think the right framing is "low-margin communications plus some AI". A better framing is "communications and services funding distribution into a higher-value software and AI stack". That interpretation better explains why management has prioritised Core AI Suite monetisation, software attach, and partner-led scale. It also explains why composable architecture matters. A client that begins with a practical deployment need can later be converted into a broader platform customer with higher wallet share and better margin contribution.

The sales model reinforces that interpretation. Toku is not built like a high-velocity SME seat vendor. The model is oriented toward enterprise deployments, longer implementation cycles, and a mix of direct sales, services-led delivery, and increasingly partner-led scale. This is slower to scale in the early years, but it tends to produce deeper workflow embedment and stronger expansion economics once referenceability and partner capacity improve. The presence of professional services and maintenance revenue should therefore not automatically be read as lower-quality revenue. In Toku's case, those lines can also be read as proof that customers are buying integration, localisation, and operational continuity, all of which raise switching costs.

Go-to-Market, Activeo and the Channel Partner Programme

This is now the most important underappreciated section of Toku’s story. The company's channel partner programme is not a generic reseller initiative. It is the organisational mechanism through which Toku intends to convert a human-capital-intensive services model into a scalable platform distribution model.

Activeo is the foundation. Acquired in March 2023, the Activeo practice gives Toku a live professional-services engine in system integration, digital transformation and bespoke development. That matters in two ways. First, it helps Toku win and implement complex enterprise projects today. Second, and more strategically, it creates the implementation methodology that can be codified, taught, and transferred outward to partners.

How the partner ladder works

Referral partners sit at the entry tier. Their role is to identify and introduce qualified enterprise opportunities. They require minimal training, lower mutual commitment, and relatively light coordination. Conceptually, this stage is less about delivery and more about creating sourced pipeline in geographies or customer segments where Toku does not want to build a direct sales presence immediately.

Reselling partners are the middle tier. These partners are authorised to sell Toku's platform to their own clients, but they still rely materially on Toku for pre-sales, technical support, and delivery resources. This stage requires structured enablement, product training, sales certification, access to demo environments, and commercial constructs that make revenue sharing worthwhile for both sides.

System integration partners are the end-state. These are partners that can sell, implement, and deliver Toku's solutions with minimal support from Toku. In other words, they are not merely sourcing distribution. They are becoming force multipliers for deployment capacity. This is why the Activeo methodology matters so much: Toku is not trying to invent a partner model from PowerPoint. It is trying to industrialise a delivery capability that has already been proven internally.

Partner-led distribution can widen reach without proportional headcount growth

Approximately 90% of new deal revenue is still generated through direct sales. That means Toku's current go-to-market remains relatively concentrated in direct effort. The partner programme is intended to change that mix over time.

A successful partner strategy does three things at once. It expands market reach without equivalent direct headcount. It can stabilise and recover professional services by shifting more delivery through certified external capacity. And it raises the odds that subscriptions and licensing can scale faster because distribution broadens beyond the company's own sales bandwidth.

The model also runs parallel with Amazon Connect’s success. Amazon Connect succeeded not just because of product, but because an ecosystem of implementation and integration partners made it easier for enterprises to buy, deploy, and extend the platform. Toku appears to be aiming for a smaller but analogous ecosystem outcome in APAC and adjacent regions.

We think the clearest points the market may be missing are threefold. First, Toku's communications layer is not merely pass-through traffic revenue; it is the installed base through which software and AI can be monetised. Second, the platform's modular design is not just a product feature; it is a practical land-and-expand mechanism for enterprises that cannot adopt a full stack on day one. Third, the company's true moat lies less in any single feature than in the combination of multilingual AI, regulatory and infrastructure adaptation, local deployment know-how, and workflow integration across fragmented markets. That combination may be harder to replicate than a narrow chatbot or contact-centre feature set, and therefore more valuable than the market initially credits.

Customer Signals and Commercial Validation

We believe the strongest external validation comes from the kind of customers and use cases Toku is winning. The company's LATAM expansion was anchored by a strategic relationship with a leading food-delivery platform, and subsequently led to a multi-market European agreement with the same delivery player that selected Toku for customer-facing sales operations, not merely support workflows. That distinction matters because it broadens Toku's relevance from cost-centre service environments into revenue-generating interaction flows.

Toku has also successfully closed its first AI contracts with both enterprise and public-sector customers in FY2025. This is important because it suggests the Core AI Suite is now being bought as a commercial product rather than remaining an internal feature narrative.

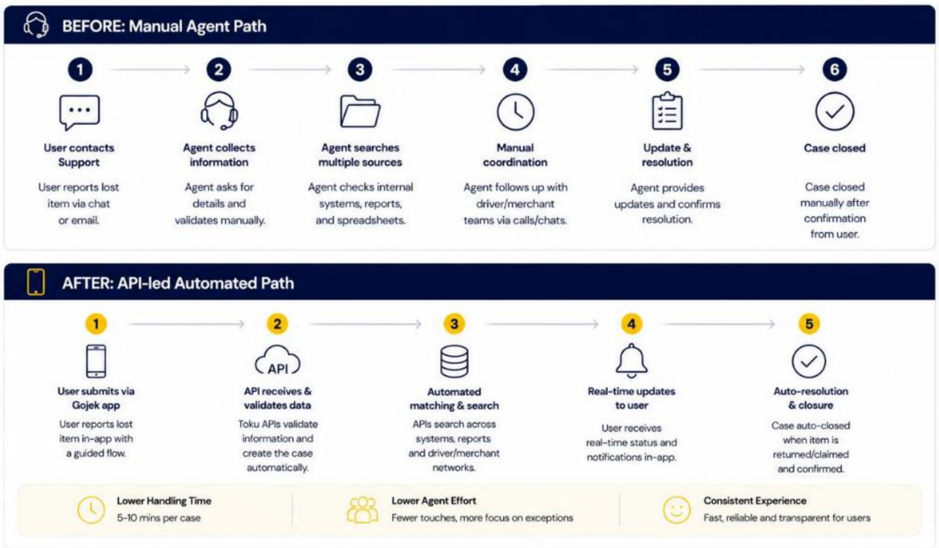
We observe improving commercial quality even where revenue recognition lags. It is evident that Toku is scoring stronger new-deal value and a tender win rate that nearly tripled. For a company with long deployment cycles, these are often better leading indicators than a single year's reported subscription growth. The pattern across public sources is consistent. Customers do not appear to be choosing Toku solely for lower price. Rather, they appear to value a combination of regional delivery, direct connectivity, implementation support, and the ability to solve operationally messy communications use cases without forcing a larger systems rebuild. Below are some of the real-life use cases of Toku and their clients experience with their service.

Toku's urgent customer-service for Gojek

Toku supported Gojek's urgent customer-service workflows in Singapore, including lost-and-found and transaction-report use cases. The deployment points to Toku's role as a workflow-enabling communications layer, spanning IVR, number masking, SMS, secure integration, and internal APIs.

We view Toku as not merely providing message delivery or voice connectivity. It is embedded into operational workflows where responsiveness, documentation quality, integration support, and local execution matter. This supports the view that Toku can deepen account value beyond basic traffic monetization.

Figure 12: Gojek Lost-and-Found: Before vs After Workflow



Source: Company data, KGI Research

Toku’s messaging proposition for Lenskart

Toku’s work with Lenskart highlights a different source of value: delivery quality and campaign economics. The relevant contribution appears to be Tier-1 aggregator positioning, strong regional connectivity, and more reliable campaign execution across Southeast Asia.

The key analytical inference is that Toku’s messaging value proposition is not simply inventory access. It is route quality, deliverability, and lower cost per successfully delivered SMS. This is important because it allows Toku to compete on execution quality rather than only price.

Figure 13: SMS Economics and Delivery Quality

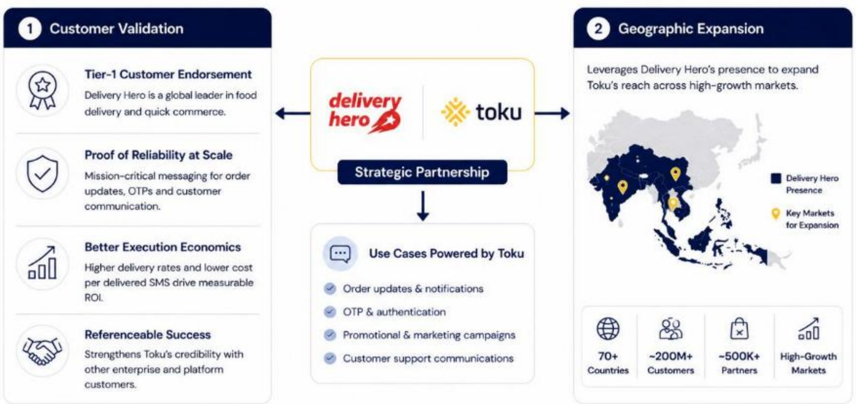
Source: Twilio Pricing (2025), Sinch Customer Stories

Toku x Delivery Hero Partnership

The Delivery Hero relationship provides both commercial and strategic validation. Delivery Hero Ventures is a significant shareholder, while Toku has also highlighted traction with a leading regional food-delivery platform as an anchor for expansion beyond Southeast Asia.

Delivery Hero guarantees long-term growth and validates Toku’s ability to serve large, operationally demanding, digital-native enterprises. It also supports the broader thesis that successful enterprise references can help Toku expand into adjacent geographies and deepen platform credibility.

Figure 14: Our View on Toku x Delivery Hero Relationship



Source: KGI Research

Industry Outlook and Market Structure

The broader market backdrop remains supportive. Frost & Sullivan sized the global contact centre solutions market at US$21.58bn by 2030, implying a 12.8% CAGR from 2024 to 2030. More broadly, Frost's APAC customer experience management work highlights the same themes that support Toku's positioning: omnichannel migration, cloud adoption, multilingual support demand, AI-led workflow redesign, and rising compliance expectations.

Importantly, the AI opportunity in APAC is real but operationally messy. Frost's 2026 executive-lunch report notes that more than **61%** of APAC businesses report active AI experimentation, but fewer than **25%** have fully integrated AI into production customer engagement workflows. The same report identifies legacy integration, fragmented data, ROI scrutiny, and governance as the main barriers to scale.

That gap between AI ambition and AI production is relevant for Toku. It suggests that buyers increasingly know they need AI, but do not simply need a model or a bot. They need workflow-integrated, auditable, deployment-ready systems that can coexist with legacy estates. Toku's positioning around control, reliability, and compliance therefore maps to a real procurement pain point.

Competition remains broad. Global incumbents such as Genesys, NICE, Cisco and AWS provide scale and product breadth. Cloud-native peers like Talkdesk, Twilio and Vonage offer modular innovation. UCaaS vendors such as 8x8, RingCentral and Zoom continue to extend into contact-centre software. CRM and workflow vendors including Salesforce, Zendesk and ServiceNow are embedding more AI-enabled service functionality. Toku's argument is not that these players are absent, but that their regional execution often depends on partners and local adaptation in ways that open space for an APAC-native challenger.

Figure 15: Customer Engagement and Communications Market Map

Source: KGI Research

Total Addressable Market Size

We think the right way to size Toku's opportunity is to distinguish between the headline industry TAM and Toku's practical TAM. The headline market is the global contact-centre solutions pool. Toku's practical TAM is narrower: enterprise deployments where multilingual complexity, regulatory fragmentation, hybrid deployment requirements, and local implementation depth matter enough for Toku's architecture to command a seat at the table.

We forecast industry size of ~US$23bn global contact-centre solutions market by 2030, implying a 12.8% CAGR from 2024 in line with Frost & Sullivan's estimates and we estimate the market was approximately US$11.8bn in 2025 and should grow to c.US$13.3bn in 2026. We then apply a 25% complexity filter to reflect the subset of spend that resembles Toku's ideal customer profile rather than the full market, and scale that by Toku's effective country footprint. Toku served 34 countries at the end of FY2025, expanded to 38 countries with its first European deployment in early 2026, and can already deploy in more than 100 countries through existing carrier partnerships. Our practical TAM therefore expands as channel partners increase monetisable geographic reach rather than merely adding logos on a map.

On that basis, we estimate Toku's practical TAM at roughly **US$1.0bn** in FY2025, rising to **US$1.3bn** in FY2026 and **US$3.3bn** by FY2030. It is our attempt to convert the company's footprint, expansion plans and partner-led scaling model into an underwriting framework that is specific enough to be useful without pretending that every country is monetised equally from day one.

The assumptions are straightforward. First, we cross reference Frost's global market growth curve as the top-down base. Second, we assume only one quarter of that market fits Toku's sweet spot of complex, multi-country enterprise deployments. Third, we convert country footprint into monetisable reach by anchoring to the more than 100-country deployability Toku already has via carrier relationships, which prevents the model from overstating the revenue opportunity in newly entered markets. Fourth, we assume the channel programme lifts effective footprint from 38 countries in FY2026 to 44, 50, 56 and 62 countries by FY2027-FY2030 as referral relationships mature into reseller and system-integrator capability.

Importantly, this framing is still conservative. It excludes the additional wallet expansion available inside existing accounts as customers add AI modules, analytics, summarisation, sentiment, maintenance and adjacent workflow layers. In other words, the US$1.3bn to US$3.3bn range should be read as a geographic-and-segment TAM bridge, not a full expression of Toku's lifetime revenue opportunity per customer.

Figure 16: Customer Engagement and Communications Market Map

Year	Global contact-centre solutions market (US$bn)	Complexity filter (Assumptions)	Effective footprint (countries)	Toku practical TAM (US$bn)
FY2025	12	25%	34	1
FY2026	13	25%	38	1
FY2027	15	25%	44	2
FY2028	17	25%	50	2
FY2029	19	25%	56	3
FY2030	22	25%	62	3

Source: KGI Research

From Complexity to Compounding

We think Toku's initiation case is ultimately a compounding story built around complexity. The company is not the largest CPaaS vendor, the cleanest CCaaS software comp, or a pure AI platform. Its differentiation lies in combining these layers for enterprises that need communications, workflow software, data control, local implementation and multilingual AI to work in difficult operating environments.

The near-term financial profile still carries the usual issues of a newly listed, loss-making Catalist technology company: limited scale, customer concentration, usage-heavy margin volatility and execution risk around the partner programme. We do not dismiss these risks. However, our base case assumes the IPO balance-sheet reset, early Core AI Suite monetisation and a gradually maturing channel model can shift the debate from revenue access to revenue quality.

The key investment question is therefore not whether Toku can address the full global CX TAM. It is whether Toku can convert a focused share of complex-market enterprise demand into higher-margin recurring platform revenue. If FY26-FY30 delivery shows subscription and AI attach rising alongside usage growth, we think the stock can earn a higher valuation framework than a small regional integrator and begin to trade as an emerging APAC enterprise CX platform.

Financial Summary

FYE December (USD$'000)					
Income Statement	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Revenue	**31,788**	**34,755**	**41,340**	**60,314**	**95,294**
Cost of Sales	(23,087)	(26,324)	(29,415)	(40,148)	(59,060)
Gross Profit	**8,701**	**8,431**	**11,926**	**20,167**	**36,234**
Headcount Costs	9,579	11,479	9,095	12,063	17,153
Infrastructure and Licence Costs	1,992	2,058	2,480	3,619	5,718
Other Expenses	1,710	3,669	1,527	2,194	3,436
Operating Profit	**(4,580)**	**(8,774)**	**(1,176)**	**2,291**	**9,928**
Finance Costs and Others	(694)	(1,106)	(490)	(575)	(644)
Profit before tax	**(5,274)**	**(9,880)**	**(1,666)**	**1,716**	**9,284**
Income tax expense	18	800	267	(275)	(1,485)
Net Income	**(5,257)**	**(9,080)**	**(1,400)**	**1,442**	**7,799**
Balance Sheet	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Trade and other receivables	5,449	4,257	4,530	6,610	10,443
Contract assets	811	638	827	1,206	1,906
Other assets	913	751	906	1,652	2,611
Cash and bank balances	1,234	1,952	837	3,123	12,671
Prepayments	235	273	322	440	647
Total current assets	**8,643**	**7,870**	**7,423**	**13,031**	**28,279**
Property, plant and equipment	196	123	136	195	237
Intangible assets	1,763	2,865	2,822	2,780	2,738
Goodwill on Acquisitions	4,443	4,443	4,443	4,443	4,443
Trade receivables	10	0	0	0	0
Other non-current assets	36	837	837	837	837
Total non-current assets	**6,447**	**8,269**	**8,239**	**8,256**	**8,255**
Total assets	**15,090**	**16,139**	**15,662**	**21,287**	**36,534**
Trade and other payables	8,277	7,914	8,865	12,099	17,799
Contract liabilities	2,137	1,842	1,860	2,714	4,288
Financial liabilities at FVPL	0	7,078	7,078	7,078	7,078
Borrowings	2,078	1,334	1,334	1,334	1,334
Total current liabilities	**12,493**	**18,168**	**19,137**	**23,226**	**30,499**
Borrowings	1,803	2,650	2,650	2,650	2,650
Other payables	131	253	207	302	476
Total non-current liabilities	**1,934**	**2,903**	**2,856**	**2,951**	**3,126**
Total liabilities	**14,427**	**21,071**	**21,993**	**26,177**	**33,625**
Share capital	16,783	21,373	21,373	21,373	21,373
Reserves	(16,120)	(26,305)	(27,704)	(26,263)	(18,464)
Total Equity	**663**	**(4,932)**	**(6,331)**	**(4,890)**	**2,909**
Total Liabilities and Equity	**15,090**	**16,139**	**15,662**	**21,287**	**36,534**
Cash Flow	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Profit Before Income Tax	**(5,274)**	**(9,880)**	**(1,666)**	**1,716**	**9,284**
Depreciation & Amort.	170	122	37	41	59
Other Operating Cash Flows Adjustments	1,059	4,220	228	236	219
Operating cash flows before WC changes	**(4,046)**	**(5,538)**	**(1,401)**	**1,993**	**9,562**
Change in working capital	677	2,309	454	1,060	1,949
Cash Generated from Operations	**(3,369)**	**(3,229)**	**(947)**	**3,052**	**11,511**
Interest Paid	(423)	(781)	(199)	(199)	(199)
Income tax paid	18	0	267	(275)	(1,485)
Cash flows from operations	**(3,774)**	**(4,010)**	**(880)**	**2,579**	**9,826**
Capital expenditure	(29)	(50)	(50)	(100)	(100)
Other investing cashflow	(2,211)	(1,698)	14	6	22
Cash flows from investing	**(2,241)**	**(1,748)**	**(36)**	**(94)**	**(78)**
Net of Proceeds & Repayment from borrowings	2,320	102	0	0	0
Net proceeds from issuance of ordinary shares	2,500	86	0	0	0
Other financing cashflow	827	6,728	(199)	(199)	(199)
Cash flows from financing	5,647	6,916	(199)	(199)	(199)
Net increase in cash	(367)	1,158	(1,115)	2,285	9,549
Cash and Cash Balance BOP	1,154	794	1,952	837	3,123
Effects of foreign exchange rate changes, net	19	7	0	0	0
Cash and Cash Balance EOP	805	1,960	837	3,123	12,671
KEY RATIOS	**2024**	**2025**	**2026F**	**2027F**	**2028F**
Profitability					
Gross margin (%)	27.4%	24.3%	28.8%	33.4%	38.0%
Operating margin (%)	-14.4%	-25.2%	-2.8%	3.8%	10.4%
EBITDA Margin (%)	-13.7%	-24.6%	-2.5%	3.9%	10.5%
Net Profit Margin (%)	-16.5%	-26.1%	-3.4%	2.4%	8.2%
ROE (%)	N.A.	N.A.	N.A.	N.A.	268.1%
ROA (%)	-34.8%	-56.3%	-8.9%	6.8%	21.3%

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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
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