Comments on recent events

On 23 Jan, Teneo launched a strategic review and appointed JP Morgan as advisor, which is notable for a listed small-cap and indicates some probability of a near-medium term transaction. Options include a full sale and a carve-out of the technology platform. On 22 Jan, Teneo issued a profit warning ahead of Q4 (due 19 Feb). Weakness relates mainly to soft December trading, attributed to a US reseller. Teneo has initiated legal action and is engaging affected customers, and management continues to have a positive outlook. While the strategic review could create shareholder value considering the choice of advisor and weak share price, near-term visibility remains very low. As such, we don't release new estimates and keep our TP/rating under review pending further clarity.

Detailed comments

- On 23 Jan, Teneo AI announced the initiation of a strategic review and appointed JP Morgan as financial advisor.
- The review excludes no alternatives. Potential outcomes include a public bid, sale of the entire company, partial divestments, or a carve-out/sale of the technical platform held in a wholly owned subsidiary, which could enable a more focused and faster process versus a full holding-company transaction.
- We view the appointment of JP Morgan, including its senior technology team, as notable for a listed small-cap and believe the firm would not accept the mandate unless it assessed a favorable probability of a transaction in the near to medium term.
- For reference, Teneo's competitor Cognigy was acquired by NiCE for USD 1bn (~26x sales) in July 2025 (LINK). Teneo's management has highlighted in prior discussions that 1) Cognigy uses similar technology but with less scale and 2) its voice-understanding technology delivers industry-leading accuracy. Combined with JP Morgan's tech relationships, we see potential to attract strategic or financial buyers, especially in the US.
- On 22 Jan, ahead of the review announcement, Teneo issued a Q4 profit warning. SaaS ARR guided to SEK 57m (-24% y/y, -14% q/q). Net sales guided to SEK 18m (-32% y/y, -12% q/q; ~20% below our estimate). Adj. EBITDA (SEK -5m) broadly in line with estimates. Full Q4 results are due 19 Feb.
- The miss vs estimates stems mainly from softer December trading. Management attributes this to a US reseller breaching non-compete terms and allegedly infringing patents, resulting in customer disruption and lower sales. The company has initiated legal action and is engaging affected customers. Pipeline remains active with two late-stage opportunities. Management's stance remains constructive: (1) claims documented evidence of breach, (2) expects a relatively near-term settlement, (3) anticipates fair compensation, and (4) sees scope to strengthen direct customer relationships and expand usage.
- While the strategic review could create shareholder value considering the choice of advisor and weak share price, near-term visibility remains very low. As such, we don't release new estimates and keep our TP/rating under review pending further clarity.

Deviation table

		Historical		Actual	PAS		Growth	
P&L		**Q4'24**	**Q3'25**	**Q4'25**	**Q4'25E**	**Dev (%)**	**y/y**	**q/q**
Net sales	SEKm	26.5	20.4	18.0	22.4	-20%	-32%	-12%
EBITDA adj.	"	(1.7)	(4.5)	(6.0)	(4.9)	22%	253%	33%
ARR								
ARR	"	103.9	82.2	na	89.8			
SaaS ARR	"	75.1	66.3	57.0			-24%	-14%

Forbes Goldman
+46 8 402 5278, forbes.goldman@paretosec.com

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