QUARTERLY REPORT: APRIL TO JUNE 2024

RECORD QUARTER: +74% YoY GROWTH IN SAAS API CALL VOLUMES AND TOTAL ARR OF 74 MSEK

APRIL TO JUNE 2024

- SaaS API Call Volumes 31.5 million (18.0), +74 %
- SaaS ARR amounted to 43.7 MSEK (29.8), +47%
- Total ARR amounted to 74.3 MSEK (58.2), +28%
- Recurring revenues amounted to 19.1MSEK (14.6), +31%
- Net Revenue Retention Rate (NRR) +134% (137)
- Net sales amounted to 19.3 MSEK (14.8), +31%
- Gross margin amounted to 79% (72)
- EBITDA adjusted amounted to -6.3 MSEK (-13.9), +54%
- Earnings per share amounted to -0.1 SEK (-0.2)

JANUARY TO JUNE 2024

- Recurring revenues amounted to 36.1 MSEK (28.0), +29%
- Net Revenue Retention Rate (NRR) +134% (137)
- Net sales amounted to 36.4 MSEK (28.4), +28%
- Gross margin amounted to 79% (64)
- EBITDA adjusted amounted to -14.8 MSEK (-32.0), +53%
- Earnings per share amounted to -0.1 SEK (-0.1)

EVENTS DURING THE QUARTER

- Successfully closed directed share issue of 50 MSEK
- New SaaS agreement signed with MedHelp Care, a company with one of Sweden's most used health platforms
- New SaaS partnership agreement signed with Healthflexx, a premier health management organization
- Renewal of SaaS and License agreements with 6 existing customers including a Global American Tech company, Telefonica and Swisscom
- Teneo.ai Awarded Best AI telecom solution in Remend's 2023 AI Self-Service Automation Report and Buyer's Guide
- Teneo.ai Launches Accuracy Booster for Contact Center Voice AI
- Teneo.ai achieves record-breaking scalability and traffic on SaaS Platform, showcasing the platform scalability
- Teneo.ai leads compliance in AI Pact by integrating new standards into its operations
- AGM resolved to appoint two new board members and approve a new warrant program for employees

EVENTS AFTER THE QUARTER

- Artificial Solutions changed name to Teneo.ai and new stock ticker is TENEO on August 20
- Teneo.ai secures major consulting firm as new customer and signs OEM Agreement with Valcon
- Teneo.ai strengthens the sales team in the US by hiring 2 strategic account and 1 technical account managers

KEY FIGURES (FOR DEFINITIONS PLEASE SEE PAGE 20)

	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN–JUN 2023	JAN-DEC 2023
Net sales (MSEK)	19.3	14.8	36.4	28.4	60.5
Recurring revenues (MSEK)	19.1	14.6	36.1	28.0	60.0
SaaS ARR (MSEK)	43.7	29.8	43.7	29.8	31.0
SaaS API Call Volumes (Million)	31.5	18.0	31.5	18.0	18.1
NRR %	134%	137%	134%	137%	145%
Gross margin %	79%	72%	79%	64%	67%
EBITDA adjusted (MSEK)	-6.3	-13.9	-14.8	-32.0	-50.7
Earnings per share, SEK	-0.1	-0.2	-0.1	-0.1	-0.6
Cash flow from operating activities before changes in working capital	-8.8	-13.3	-12.9	-28.1	-53.8

CEO STATEMENT



Per Ottosson
CEO

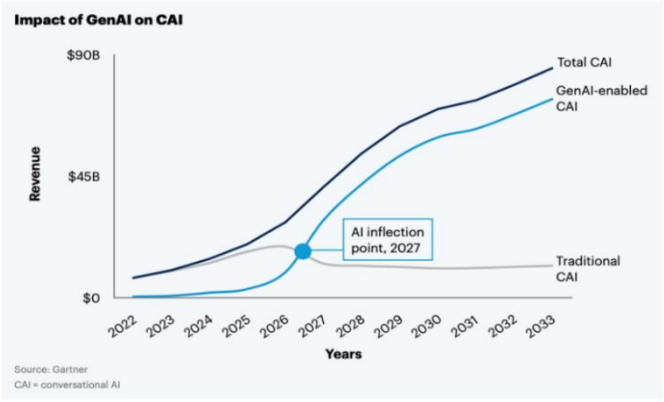
Dear shareholders, colleagues, customers and partners:

The second quarter 2024 was an eventful quarter for Teneo.ai! As communicated and decided at our AGM, we have now officially changed name from Artificial Solutions to Teneo.ai – all to better synch our product Teneo with our corporate branding. Our new stock ticker is TENEO.

We remain committed to our Financial Goals and are delivering according to plan. At the same time we have a focus on new sales and have delivered three new customers (one a few days after quarter close) in 2024. And of course we got the financing to double down on our new customer focus as well as our development in the new LLM world. Teneo.ai now has the platform to build a global player in using AI to interact in Natural Language with Computer Systems.

In the turbulent markets for us since ChatGPT was introduced, we now clearly see our role in the market as proven by our customers:

We are the company which powers the first Agentless Contact Center in a top 500 Enterprises. Our customers are sophisticated buyers that understand the powers and pitfalls of modern AI and the need for a platform that helps to mitigate the risks while harnessing the power.



Only Teneo.ai has the references that prove this is possible on a large scale. Now is the time to show this to the US and UK markets. Gartner recently published an updated forecast of the market development of our space when adding GenAI, which of course we did already last year. (top-genai-opportunities-for-tech-products-ebook.pdf)

Q2 2024 ONCE AGAIN DELIVERS RECORD-BREAKING PERFORMANCE:

We yet again saw stellar growth in this quarter. Quarterly SaaS API Calls grew at a rate of 74% compared to same period previous year. SaaS recurring revenues grew 54% compared to the second quarter 2023 and 23% compared to the first quarter 2024.

Our gross margin has also improved by increasing 7 percentage points, from 72% in the second quarter of 2023 to 79% this quarter. As we focus on new large Enterprise customers we know that this gross margin will shrink in the near-term but this is a proof point of our model in a mature customer base. An example of effects from growth focus is commission costs and the gross margin in the second quarter 2024, excluding these costs, amounted to 82%. Our plan calls for somewhat lower gross margin as we gain foothold in new customers.

MAJOR BREAKTHROUGH FOR MULTINATIONAL COMPANIES.

Many US and UK companies serve customers in a multitude of languages. They usually start with English and then traditionally started projects for each additional language. Using the power of LLM´s one of our large customers totally changed the Economics of multi language solutions by simply turning on a translated version of the English solution in 39 languages. The first few days this solution was not the best but now after a few weeks it is as good as the English for most languages. Without a localization project in any one language 39 new languages were turned on over night. This is a major benefit available to all Teneo customers right away.

SCALING

As we remade Teneo in the beginning of 2021, a large focus was on Auto-Scaling. It means that the application can increase resource usage on demand and, thereby, keep usage low when there is little traffic but scale instantaneously when traffic is increasing. In May 2024 we saw this at scale for the first time where we had a 10 fold jump in processed calls in less than a minute with the platform, performing flawlessly. Our Product team is truly amazing.

PARTNERING

This quarter saw some promising developments related to our Partnership Program. We had the first co-bid RfPs with Genesys and Amazon Connect as well as a lead that came in from Microsoft sales. We have put a large focus on these partnerships during 2024 and landing a first customer together will be the kickoff for deeper collaboration. At the same time we have grown tighter with Tech Mahindra where, of course, we have done our first deal and have a number of joint opportunities as well. We also have an interesting Master Agent we are negotiating with for the US market. An interesting concept we will return to in communication during the third quarter 2024. Valcon who has been a partner working to implement our Teneo initiated an interesting model. They have in early July acquired one License of Teneo to be able to build solutions for several customers and already have the first customer onboard. This is a way to provide the benefit of Teneo to customers that do not by themselves have the required volumes. This also means that the number of customers are less important, while our SaaS API call volumes become even more important as our key KPI.

DIRECTED SHARE ISSUE AND STRATEGIC REVIEW

The directed share issue in June 2024 received significant investor interest and due to the high interest, the board of directors decided to upsize the initial intended volume of the directed share issue to 50 MSEK. The directed share issue in June gives us a strong cash position, enabling us to fuel new customer sales in the UK and US as well as to give Gecholog a more consistent possibility to reach the market. It also brought us a new main owner, Stockhorn Capital. Stockhorn Capital is a Swedish based active investor with a very interesting portfolio of tech companies and we are happy to welcome Inna Kaushan on our board of directors as a representative of Stockhorn Capital. This also concludes the board of directors Strategic Review announced in the autumn of 2023.

US & UK

Immediately after the directed share issue we got to work on actions to increase the US and UK market presence. We have already hired two great Strategic Account Managers in the US to complement our team and we will also add a Technical Account Manager in the US. We have also confirmed attendance in two events that will drive demand as well as several webinars and Account Based Marketing for our focus accounts.

IN CONCLUSION

In the third and fourth quarter of 2024, we will focus on providing our value to new large customers in the US and the UK, at the same time as we manage and develop our existing customer base. New customers will affect our gross margin in the short term but to secure new customer accounts is the right way forward given our market position in a very strong growth market. Our technology keeps delivering for the largest implementations of Natural Language solutions in the world. Our product team incorporates the latest AI technology so that our customers can focus on the Business Value. The team is executing according to plan and it´s a pleasure to work with a team this dedicated and strong. Thank you investors for your continued confidence and support. And thank you team!

Per Ottosson, CEO

Sales Development

REVENUE MODEL, KPI'S AND FINANCIAL TARGETS

The company introduced the SaaS business and delivery model in the fourth quarter 2020 and our financial targets were announced in the third quarter 2022 and are:

- >1 billion API calls during 2024
- >200 MSEK in ARR during 2025
- Cash flow positive from operations during 2024
- A long-term EBITA margin exceeding 30% in a mature state

In our SaaS business model, revenue recognition happens at the actual usage/consumption of the product/services and any increases/decreases in the monthly recurring revenues are instantly captured in the SaaS ARR metric.

The revenue streams in the SaaS business and delivery model are primarily:

1. Subscription revenues from **Teneo Studio** – based on number of users (License & Support on the Non-SaaS business).
2. API calls generated in **Teneo Engine** – based on number of API calls (Usage on the Non-SaaS business).
3. **Teneo Data** – analytics platform to review users' conversations and enhance the conversational AI solutions. Revenues based on searchable data.

Recurring revenues consist of 1 to 3 above. On top of it, revenues can also be generated from providing of Professional and Expert services. These are no longer in focus for us as a company as we prefer our partners to provide the services to customers.

OUR WAY OF MEASURING ARR

With start from the fourth quarter 2023, the company changed the computation and reporting of the ARR metric, which is computed as the average monthly recurring revenues over the quarter multiplied by 12. This change provides a more accurate representation of the annual recurring revenues and avoid monthly fluctuations which can happen in our business.

The SaaS business model is growing in importance. The recurring revenues derived from SaaS customers for the second quarter 2024 amounted to 11.5 MSEK (7.5) and constituted 60% (51) of total recurring revenues, 19.1 MSEK (14.6), and 59% (51) of net sales. This number will grow as we: add more customers to the SaaS model, ramp up existing customers in terms of API call volumes, and continue to convert existing customers to the SaaS model. Our Expert Services revenues are low and will be limited going forward as well due to our focus on recurring revenues.

An important KPI to follow is the API call volumes development on the SaaS model as this metric is linked to the API call revenues generated by SaaS customers. This metric coupled with the SaaS ARR are also part of our financial targets.

The monthly average SaaS API call volumes in active customers, increased from 18.0 million in the second quarter 2023 to 31.5 million in the second quarter 2024, equivalent to a growth of 74%. This number shows that volumes are growing fast.

Due to the fact that the API calls generated by non-SaaS customers are not always directly linked to the Usage revenues, we are not disclosing the volumes. For non-SaaS customers, the revenues on usage have grown 16% in the second quarter 2024 versus the second quarter 2023.

SaaS API Calls Quarterly Average (million) + 74% YoY



*API Calls Active Customers

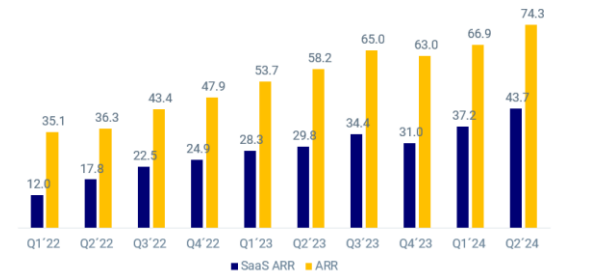
A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer end of a quarter, the actual revenues generated may be limited or even zero. During the second quarter of 2024, the company incorporated two new SaaS customers. As per 30th of June, there are 13 SaaS customers. In July 2024, the company signed another new SaaS agreement.

An important part of the company strategy is to focus on partnerships. The distribution channels of the company through its partners, means that one subscription would entitle the partner to have multiple customers, representing one customer for Teneo.ai even if revenues would be multiplied. This is the case for our partner Valcon and it is rational for some Partners to use the same approach as them. For that reason, SaaS API call volumes is the key operational metric to track and for this reason, the company may not report the total number of customers as the company revenues grow further.

SaaS ARR (annual recurring revenues) is defined as the average monthly recurring revenues over the quarter generated in the SaaS model multiplied by 12 (months). See chart below starting first quarter 2022 for graphical details.

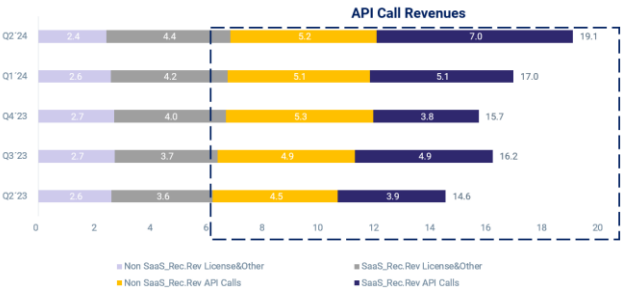
The SaaS ARR in the second quarter 2024 amounted to 43.7 MSEK, an increase from 29.8 MSEK in the same period 2023, equivalent to a growth of 47%. ARR for total business amounted to 74.3 MSEK in the second quarter 2024, an increase from 58.2 MSEK in the same period 2023, equivalent to a growth of 28%.

SaaS and Total ARR Quarterly Average (MSEK) + 47% SaaS YoY



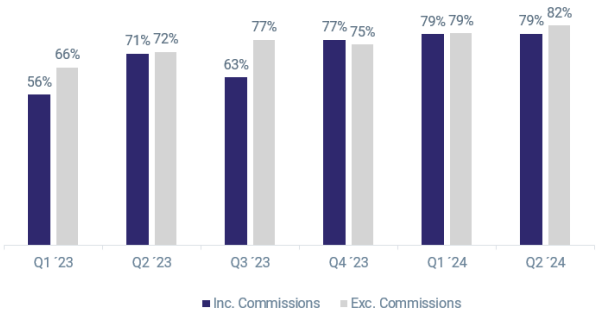
The recurring revenues for the second quarter 2024 amounted to 19.1 MSEK (14.6), equivalent to 99% (99) of net sales and an increase of 31% compared with the same period last year. The usage revenues (Usage and API Calls) for the second quarter 2024 amounted to 12.3 MSEK (8.4), equivalent to 64% (57) of total net sales and an increase of 47% compared with the same period last year. On the graphic below, the development and growth in the recurring revenues by type is highlighted.

Recurring Revenues by Type (MSEK)



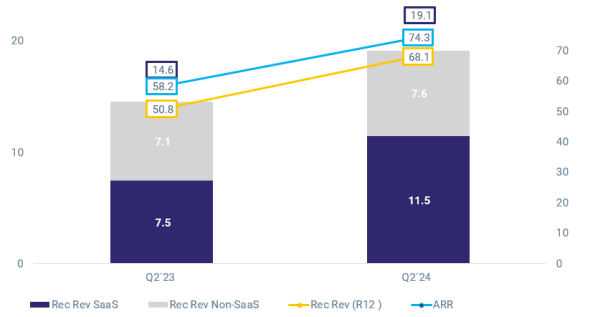
The growth in API calls is key for our gross margin to improve from current levels. Short-term, commission costs, especially for new customers, can impact negatively and we therefore also report gross margin excluding commission costs. Graphic below shows the evolution of our gross margin as our API call volumes grow.

Gross Margin %



On a rolling 12-month basis the recurring revenues in the second quarter 2024 amounted to 68.1 MSEK (50.8), equivalent to 99% (95) of total net sales and an increase of 34% compared with the same period last year. The SaaS recurring revenues on a rolling 12-month basis amounted to 37.1 MSEK (26.4), a growth of 41% compared with same period last year.

YoY Recurring Revenues, SaaS and Total ARR (MSEK)



APRIL TO JUNE 2024

Net sales for the second quarter 2024 amounted to 19.3 MSEK (14.8), equivalent to an increase of 31% compared to the same period last year. The recurring revenues in the second quarter 2024 amounted to 19.1 MSEK (14.6), equivalent to 99% (99) of total net sales and an increase of 31% compared with the same period last year. A high percentage of recurring revenues of total net sales provides stability and visibility and is the foundation of our SaaS model.

Personnel costs in the second quarter 2024 amounted to -20.2 MSEK (-21.6). The lower personnel costs in the second quarter 2024 compared to same period last year is mainly due to the reduction in number of employees, 58 end of June 2024 (68). In addition to the employed staff, the company also has commitments with specialized contractors, total cost in the second quarter of 2024 amounted to -3.1 MSEK (-1.6 MSEK). These costs are recorded under Other Operating Expenses. Total number of consultants end of June 2024 amounted to 8 (5).

Depreciation and amortization in the second quarter 2024 amounted to -4.2 MSEK (-3.8). Capitalized R&D for the same period amounted to 6.5 MSEK (3.9). The increase is due to a higher capitalization rate.

Total operating expenses, including depreciation and amortization, in the second quarter 2024 amounted to -37.9 MSEK (-37.6).

The annual operating expenses run rate in the second quarter, excluding depreciation and amortization, non-recurring items of -0.8 MSEK and cost of sales of -4.1 MSEK have increased from -110 MSEK in the first quarter 2024 to -112 MSEK (-113) in the second quarter 2024. The average monthly operating expenses in the second quarter 2024, excluding depreciation and amortization, non-recurring cost items and cost of sales amounted to -9.3 MSEK (-9.4).

JANUARY TO JUNE 2024

Net sales for the first half of the year 2024 amounted to 36.4 MSEK (28.4), equivalent to an increase of 28% compared to the same period last year. The recurring revenues for the first half of the year 2024 amounted to 36.1 MSEK (28.0), equivalent to 99% (99) of total net sales. A high percentage of recurring revenues of total net sales provides stability and visibility and is the foundation of our SaaS model.

Personnel costs for the first half of the year 2024 amounted to -41.2 MSEK (-46.9), a decrease of -12% compared to the same period last year. The decrease in personnel costs is due to the lower number of headcounts during the second quarter of 2024, 59, compared to the second quarter of 2023, 68, together with the lower amount on sales commissions. Headcount at the end of the second quarter is 58 (68) employees.

Depreciation and amortization in the first half of 2024 amounted to -8.3 MSEK (-7.5). Capitalized R&D for the same period amounted to 11.9 MSEK (7.8). The 54% increase is due to a higher capitalization rate.

FINANCIAL ITEMS AND TAX

Net financial items for the second quarter 2024 amounted to -7.2 MSEK (2.3) and to -3.2 MSEK (32.1) for the first half of the year.

The interest income and costs for the second quarter 2024 amounted to -3.7 MSEK (-3.7), and to -7.3 MSEK (20.4) for the first half of the year. The interest cost for the credit facility in the second quarter 2024 amounted to -3.6 MSEK and to-7.1 MSEK for the first half of the year (of which -5.3 MSEK correspond to real interest and -1.8 MSEK to the capitalized costs related to the transaction). The interest rate of the credit facility is a 4.00% fixed interest rate and is not payable until maturity in December 2026. The net financial items for the second quarter were impacted with -3.5 MSEK of currency exchange rate differences, of which -4.1 MSEK are unrealized exchange rate differences, and 0.7 MSEK are realized. For the first half of the year, 5.5 MSEK are unrealized exchange rates differences and -1.5 MSEK are realized exchange rates differences.

The positive net impacted interest costs in the first quarter 2023 were the result of the renegotiation of the existing facility agreement, effective date March 2, 2023.

The reversal of the written off interest of 28 MSEK was materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023.

Due to the value of accumulated tax losses carried forward there is no tax payable in relation to 2023 and 2024.

CASH FLOW, WORKING CAPITAL AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital in the second quarter of 2024 amounted to -8.8 MSEK (-13.3) and to -12.9 MSEK (-28.1) for the first half of the year.

In the second quarter 2024, adjustments for items not affecting cash flow amounted to -1.9 MSEK (-6.3) and for the first half of 2024 1.9 MSEK (1.8). They mainly correspond to currency differences from consolidation.

In January 2024, the company received a cash payment of 4.3 MSEK (5.7) from the Spanish Tax Authority following completed R&D review of R&D investments.

Cash flow from operating activities for the second quarter 2024 amounted to -7.0 MSEK (-20.2) and to -14.7 MSEK (-28.0) for the first half of 2024.

Cash flow from investing activities in the second quarter 2024 amounted to -6.5 MSEK (-3.9) and to -12.0 MSEK (-7.9) for the first half of 2024. They relate mainly to capitalized R&D expenditures. The increase in investing activities is an effect of a higher capitalization rate.

Cash flow from financing activities for the second quarter 2024 amounted to 49.5 MSEK (-2.9) and to 72.1 MSEK (73.7) for the first half of 2024. In June 2024, the company received proceeds from the directed share issue of 50.0 MSEK before transactional costs. Costs associated to the transaction amounted to -3.4 MSEK, payable in the third quarter of 2024. In February 2024, the company received the proceeds from the rights issue of 25.6 MSEK before transactional costs. Costs associated to the transaction amounted to -2.8 MSEK. In the first quarter 2023, the company received 95.9 MSEK of proceeds from the right issue before transactional costs of -22.1 MSEK.

The company's cash and bank position as of June 30, 2024, amounted to 60.5 MSEK (56.1). During the third quarter 2024, the company has received 8 MSEK from payments of customer receivables. Adjusted customer receivables of open balances from end of quarter position, the company's cash and bank position as of June 30, 2024, would have amounted to approximately 68 MSEK.

With the steps mentioned before, it is the board of directors' expectation that the Group cash requirements have been adequately addressed.

Other Information

ACCOUNTING POLICIES

The interim report for the group and the parent company have been prepared using the accounting policies, formats, etc. as stated by the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Reporting and Consolidated reports (K3).

The parent company applies the same accounting principles as the group, if not otherwise indicated. The accounting principles remain unchanged as compared to previous year.

PARENT COMPANY

The parent company is Teneo AI AB (publ).

In the second quarter 2024 net sales amounted to 0.4 MSEK (0.4), and to 0.8 MSEK (0.8) for the first half of 2024. All being recurring revenues. These are revenues from a single customer agreement entered into with the parent company.

In the second quarter 2024 operating expenses amounted to -5.4 MSEK (-5.8) and to -10.7 MSEK (-11.4) for the first half of 2024. The parent company centralizes the contract with the group supplier of cloud services.

Net financial items for the second quarter of 2024 amounted to -3.6 MSEK (3.4) of which -2.6 MSEK (-2.6) relate to interest costs and -0.9 MSEK (-0.9) to capitalized transaction costs, -5.3 MSEK (22.2) and -1.8 MSEK (-1.8) respectively for the first half of 2024. In the previous year, the positively impacted interest costs are the result of the renegotiation of the existing facility agreement. Effective date of the new agreement was March 2, 2023. As a result of the renegotiation, 28 MSEK of interests were written off and were materialized accounting wise, without any cash impact and only with a positive P&L impact, in the first quarter 2023.

FINANCING

In June 2024, the company received 50 MSEK in proceeds before deduction of costs of -3.3 MSEK, related to the upsized directed share issue announced in the same month. The directed share issue was carried out with deviation from preferential rights pursuant to the authorization granted to the board of directors by the annual general meeting on 27 June 2023. The total number of shares outstanding after completion of the directed share issue amount to 373,144,240. The directed share issue resulted in the issuance of 100,000,000 new shares at a subscription price of SEK 0.50 per share.

In February 2024, the company received 25.6 MSEK in proceeds before deduction of costs related to the rights issue, announced in December 2023. The rights issue was oversubscribed with a subscription rate of 166%. The total number of shares outstanding after completion of the rights issue amount to 273,144,240.

In January 2024, the company received 4.7 MSEK in cash tax refund for performed R&D work in 2021, further strengthening the cash position of the company.

SIGNIFICANT RISKS AND UNCERTAINTIES

The company is not experiencing any direct negative impact due to the current active Political and Geopolitical conflicts. Our company has no operations nor customers in conflict zones.

The company is not experiencing disruption on its operations due to regulatory shifts concerning data privacy, security, or compliance. The company remains vigilant in addressing regulatory modifications prompted by the AI Act.

For further information about risks and uncertainties, see page 54 in the 2023 Annual report, which you can find on https://www.teneo.ai/investors/financial-information/financial-reports.

RELATED-PARTY TRANSACTIONS

The company does not have any agreement with any related party.

EMPLOYEES

The headcount end of June 2024 amounted to 58 (68). The number of full-time equivalent employees in the group in June 2024, amounted to 57 (68). In addition to the employed staff, the company also has commitments with specialized contractors, 8 consultants in total at the end of June 2024.

EVENTS DURING THE QUARTER

UPSIZED AND SUCCESSFUL DIRECTED SHARE ISSUE OF 50 MSEK

In June 2024, the company received 50 MSEK in proceeds before deduction of costs of 3.3 MSEK, related to the upsized directed share issue announced in the same month. The directed share issue was carried out with deviation from preferential rights pursuant to the authorization granted to the Board by the annual general meeting on 27 June 2023. The total number of shares outstanding after completion of the rights issue is 373,144,240. The directed share issue entails a dilution of approximately 26.8 percent of the number of shares and votes in the company based on the number of shares and votes following the directed share issue.

EXISTING CUSTOMERS

During the second quarter of 2024, the company has renewed several agreements. Renewal SaaS subscription agreements were signed with a Global American Tech company, Telefonica Germany and Circle K. Renewal non-SaaS license agreements were signed with Swisscom, UK division of UBS and HRSA.

NEW CUSTOMERS

In April 2024, the company has signed a SaaS agreement with **MedHelp Care** for AI-Based voice chatbot. MedHelp Care offers one of Sweden's most used health platforms for employers. The company's roughly 500 customers with approximately 200,000 employees, will also have the opportunity for AI-based absence reporting via telephone through a voice chatbot from the AI platform Teneo.

Teneo.ai ai will integrate Teneo's voice chatbot into MedHelp Care's telephone service. This will reduce waiting times, increase the level of service, and free up nurses' time for more complex advice.

In May 2024, the company signed a partnership SaaS agreement with **Healthflexx** Inc a premier health management organization, has chosen Teneo to transform its triage process. This partnership will impact millions of users, empowering them to make informed decisions and ultimately save on healthcare costs.

Healthflexx is renowned for its innovative approach to health management, focusing on improving the well-being of its population. By integrating Teneo, Healthflexx aims to enhance its triage strategy, a critical component in reducing emergency room visits and preventing unnecessary medical expenses.

Thanks to our newly shaped sales organisation, specifically focused on the US, Northern Europe and the German market, the company is building a pipeline rapidly which will help on growing our business.

BOARD MEMBER CHANGE

The Annual General Meeting resolved, in accordance with, the proposal from the nomination committee, to re-elect Johan Gustavsson, Mathias Björkholm and Lars Roth. Sara Kullgren and Inna Kaushan were elected as new board members. Johan Gustavsson was elected as chair of the board of directors. Åsa Hedin and Paul StJohn declined re-election.

TENEO.AI AWARDED BEST AI TELECOM SOLUTION

Teneo was awarded "Best AI Telecom Solution" in Remend's 2023 AI Self-Service Automation Report and Buyer's Guide. With an AI orchestration platform that automates Contact Center as a Service (CCaaS) for more accurate customer service, they have become a go-to provider in the telecommunications space. The full Remend 2023 AI Self-Service Automation Report and Buyer's Guide is now available for purchase. It is a resource for industry leaders, decision-makers and professionals interested in better understanding the transformative services of AI-driven voice technology and digital self-service automation.

TENEO.AI LAUNCHES ACCURACY BOOSTER FOR CONTACT CENTER VOICE AI

Accuracy Booster slashes voice inaccuracies with 24%, boosts automation for a Contact Center to +50% and increases the accuracy of Conversational AI platform to +95%. The NLU Accuracy Booster has undergone extensive testing in partnership with Cyara, the leader in automated testing and monitoring that simulate real world customer interactions across Voice Channels. The results show a remarkable 24% reduction in incorrect voice understanding. This leads to real world contact center outcomes to a proven and astounding accuracy rate of 95% in understanding the caller. This level of precision is unprecedented in the realm of automated voice services.

TENEO.AI ACHIEVES RECORD-BREAKING SCALABILITY AND TRAFFIC ON SAAS PLATFORM

The Teneo SaaS platform has witnessed an unprecedented surge in user engagement, recording an impressive 352 000 API calls in one hour during June 2024. This is equivalent to 67 000 phone conversations in one single hour, managing this traffic is a testament to the scalability of Teneo.

TENEO.AI LEADS COMPLIANCE IN AI PACT BY INTEGRATING NEW STANDARDS INTO ITS OPERATIONS

Teneo.ai had the privilege of presenting at the European Commission's recent first session on the AI Pact, a vital step toward shaping the future of artificial intelligence in Europe through robust regulatory frameworks. This landmark event drew participation from over 250 AI companies, showcasing a collective commitment to responsible AI development and early compliance.

Adapting AI products to align with the AI Pact offers significant benefits for companies within the industry. Compliance ensures that AI technologies are developed with a focus on safety, transparency, and fairness, which enhances trust among clients and their customers. By adhering to these robust standards, companies can mitigate risks, avoid legal pitfalls, and build a reputation for reliability and integrity. This not only attracts more clients but also ensures that end-users receive safer, more dependable AI-driven solutions, fostering greater consumer confidence and satisfaction.

Teneo.ai's approach is comprehensive: from revamping existing AI systems to embedding compliance into the lifecycle of new AI development. The company also places a strong emphasis on education, ensuring its teams are well-versed in both the technical and ethical dimensions of AI regulations.

NEW WARRANT PROGRAM 2024/2027 APPROVED

On the Annual General Meeting on June 26, 2024, it was resolved to approve the establishment of Warrant Program 2024/2027 through a directed issue of warrants to the company and approval of transfer of warrants to key persons of the company or its subsidiaries. For each warrant held, the holder shall have the right to subscribe for one (1) new share in the Company. The number of warrants amounts to a maximum of 9,906,786. The warrant program has been registered and it is outstanding to be allocated. The subscription price for the warrants is 0.842 SEK.

EVENTS AFTER THE QUARTER

NEW PARTNERS

Teneo.ai secures major consulting firm as new customer and signs OEM Agreement with Valcon. Teneo.ai, a brand from Teneo.ai, is proud to announce a new OEM agreement with its partner Valcon, a leading European consulting firm, and a prominent new customer.

The new customer collaboration will leverage Teneo.ai's LLM-orchestrator to enhance the efficiency and accuracy of different processes across the customer's extensive network of offices throughout Europe.

EMPLOYEES

In order to increase the US and UK market presence, the company has hired a 2 new Strategic Accounts Manager: Michael White, who joins from Kore.ai as Strategic Account Director for our US East region and Lee Tannenbaum, who joins us for our US West region with a sting track record in Voice AI and contact centre sales as Strategic Account Director. Also, the company is on the process of adding one Technical Account Manager for the USA market.

TENEO.AI NEW COMPANY NAME

In accordance with a resolution made at Artificial Solutions' Annual General Meeting on 26 June 2024, the company name has been changed to Teneo AI AB.

On 20 August 2024, trading commenced under the new ticker TENEO. The ISIN code will continue to be SE0018397184. The FISN code will change to TENEO/SH.

The group initiated a rebranding of our go-to-market brand last year and now all our customer-facing material is available on Teneo.ai. In addition, our sales organization contacts potential customers from Teneo.ai. This has proved to be positive for our market recognition and we are therefore changing the name of our company to Teneo.ai.

SHARE-RELATED INCENTIVE PROGRAM

INCENTIVE PROGRAMS SUMMARY

At the date of this report, there are four existing warrant programs available:

Programs	Number of warrants	Strike Price (SEK)
2020/2025:1	3,900	8.0
2021/2024:1	239,950	3.9
2023/2026	11,381,010	1.5
2024/2027	9,906,786	0.842

The 2023/2026 Program entitles the warrant holders to subscribe for 23,943,101 new shares, equivalent to a dilutive impact of 5.9%.

The 2024/2027 Program entitles the warrant holders to subscribe for 9,906,786 new shares, equivalent to a dilutive impact of 2.4%.

The 2021/2024:1 Program expires in October 2024 and it is not likely to have any dilutive impact. At the current share price, 2020/2025:1 Program is not likely to have any dilutive impact.

THE COMPANY'S MAJOR SHAREHOLDERS

Teneo.ai´s shares are traded on Nasdaq First North Growth Market Stockholm under the ticker "TENEO".

Number of shares as of June 30, 2024, amounted to 373,144,240.

	30 JUN 2024	30 JUN 2023
Number of shares at the end of the period	373,144,240	102,429,090
Average number of shares before dilution	235,946,238	71,711,985
Average number of shares after dilution	235,946,238	71,711,985

The 10 largest shareholders on July 31, 2024, are listed below:

Shareholders	Capital %
Stockhorn Capital AB	18.1%
Sven Härgestam	10.8%
SEB-Stiftelsen	10.7%
Luxembourg Branch SEB AB	7.0%
Tedde Jeansson	6.3%
Avanza Pension	3.7%
AB Couronne	3.2%
Sunhold B.V.	2.1%
Niclas Nystrom	2.1%
Provider Investment AB	2.0%

AUDIT REVIEW REPORT

This Interim Report has not been reviewed by the company's auditors.

FINANCIAL CALENDAR

- Interim Report for the third quarter of 2024, October 24, 2024

Stockholm, August 21, 2024

Per Ottosson, CEO

Teneo.ai financial reports are available at the corporate website: www.teneo.ai/investors.

Teneo.ai is listed on Nasdaq First North Growth Market in Stockholm with short name TENEO. Redeye Certified Adviser is the Company's Certified Adviser (Redeye - Nordic Growth , tel. +46 (0)8 121 576 90 , e-mail certifiedadviser@redeye.se).

GROUP FINANCIAL STATEMENTS

GROUP CONSOLIDATED INCOME STATEMENTS

MSEK	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Net Sales	19.3	14.8	36.4	28.4	60.5
Capitalized amount for own accounts	6.5	3.9	11.9	7.8	20.9
Other operating income	0.8	0.0	2.1	0.0	-1.2
Total operating income	**26.6**	**18.6**	**50.5**	**36.2**	**80.3**
Personnel costs	-20.2	-21.6	-41.2	-46.9	-88.4
Other external costs	-13.3	-12.2	-26.0	-25.1	-50.1
Depreciation and amortization on fixed assets	-4.2	-3.8	-8.3	-7.5	-14.2
Other operating expenses	-0.2	0.0	-0.3	0.0	-0.0
Total operating expenses	**-37.9**	**-37.6**	**-75.7**	**-79.5**	**-152.7**
Operating loss	**-11.3**	**-19.0**	**-25.2**	**-43.3**	**-72.4**
Net financial items	-7.2	2.3	-3.2	32.1	14.4
Loss after financial items	**-18.5**	**-16.7**	**-28.4**	**-11.2**	**-58.0**
Tax on result for the period	-	-	-	-	0.0
NET RESULT FOR THE PERIOD	**-18.5**	**-16.7**	**-28.4**	**-11.2**	**-58.0**

GROUP CONSOLIDATED BALANCE SHEET

MSEK	30 JUN 2024	31 DEC 2023
ASSETS		
Non-current assets		
Capitalized expenditure for licensed software and development	44.3	39.6
Equipment, furniture, and fitting	0.5	0.6
Other non-current receivables	1.1	1.1
Total non-current assets	**45.9**	**41.3**
Current assets		
Current receivables	16.9	22.9
Cash and bank balances	60.5	15.2
Total current assets	**77.4**	**38.1**
TOTAL ASSETS	**123.3**	**79.4**
EQUITY AND LIABILITIES		
Equity		
Share capital	163.8	119.1
Share premium reserve	1,400.5	1,376.1
Other equity including result for the period	-1,747.9	-1,715.8
Total Equity	**-183.6**	**-220.6**
Non-current liabilities		
Liabilities to other lenders	257.5	250.5
Total non-current liabilities	**257.5**	**250.5**
Current liabilities		
Current liabilities	9.7	13.1
Accrued expenses and deferred income	39.7	36.4
Total current liabilities	**49.3**	**49.6**
TOTAL EQUITY AND LIABILITIES	**123.3**	**79.4**

GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Operating Activities					
Operating Loss	-11.3	-19.0	-25.2	-43.3	-72.4
Items not affecting Cash Flows					
Depreciation/amortization on assets	4.2	3.8	8.3	7.5	14.2
Other Adjustments	-1.9	6.3	1.9	1.8	-2.1
Items affecting Cash Flows					
Interest Paid and received	0.4	-4.2	-1.8	0.9	1.1
Taxation paid and received	-0.2	-0.2	4.1	5.1	5.4
Cash flow from operating activities before changes in working capital	**-8.8**	**-13.3**	**-12.9**	**-28.1**	**-53.8**
Changes in working capital	1.8	-6.9	-1.8	0.1	-1.8
Cash flow from operating activities	**-7.0**	**-20.2**	**-14.7**	**-28.0**	**-55.6**
Cash flow from investing activities	-6.5	-3.9	-12.0	-7.9	-21.3
Cash flow from financing activities	49.5	-2.9	72.1	73.7	74.0
Net change in cash and cash equivalents	**35.9**	**-27.0**	**45.3**	**37.9**	**-3.0**
Cash and cash equivalents beginning of the period	24.6	83.1	15.2	18.2	18.2
Cash and cash equivalents end of the period	**60.5**	**56.1**	**60.5**	**56.1**	**15.2**

GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	30 JUN 2024	30 JUN 2023	31 DEC 2023
Amount Brought Forward	-220.6	**-233.7**	**-233.7**
New Issue of Shares	75.6	95.9	95.9
Transaction costs	-6.5	-23.5	-23.5
Warrant premiums	-	0.5	-0.1
Results for the period	-28.4	-11.2	-58.0
Translation difference	-3.7	-9.8	-1.2
Amount Carried Forward	**-183.6**	**-181.9**	**-220.6**

KEY RATIOS

MSEK	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Net Sales	19.3	14.8	36.4	28.4	60.5
Recurring Revenues	19.1	14.6	36.1	28.0	60.0
Recurring Revenues %	99%	99%	99%	99%	99%
SaaS ARR	43.7	29.8	43.7	29.8	31.0
SaaS API Call Volume (Million)	31.5	18.0	31.5	18.0	18.1
NRR%	134%	137%	134%	137%	145%
Gross Profit	15.2	10.6	28.7	18.2	40.8
Gross Margin %	79%	72%	79%	64%	67%
EBITDA Adjusted	-6.3	-13.9	-14.8	-32.0	-50.7
Equity ratio	-1.5	-1.6	-1.5	-1.6	-2.8

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENT

MSEK	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Net Sales	0.4	0.4	0.8	0.8	1.5
Other operating income	-	-	-	-	7.9
Total operating income	**0.4**	**0.4**	**0.8**	**0.8**	**9.5**
Other external costs	-5.4	-5.8	-10.7	-11.4	-17.4
Total operating expenses	**-5.4**	**-5.8**	**-10.7**	**-11.4**	**-17.4**
Operating loss	**-5.0**	**-5.5**	**-9.9**	**-10.7**	**-8.0**
Net financial items	-3.6	-3.4	-6.8	22.3	-36.5
Result after financial items	**-8.6**	**-8.8**	**-16.7**	**11.6**	**-44.5**
Tax on result for the period	-	-	-	-	-
NET RESULT FOR THE PERIOD	**-8.6**	**-8.8**	**-16.7**	**11.6**	**-44.5**

PARENT COMPANY BALANCE SHEET

MSEK	30 JUN 2024	31 DEC 2023
ASSETS		
Non-current assets		
Receivable from Group companies	131.7	115.8
Financial assets	283.6	283.6
Other non-current receivables		-
Total non-current assets	**415.4**	**399.5**
Current assets		
Current receivables	2.6	2.8
Cash and bank balances	56.4	11.8
Total current assets	**59.0**	**14.6**
TOTAL ASSETS	**474.4**	**414.0**
EQUITY AND LIABILITIES		
Equity		
Share capital	163.8	119.1
Share premium reserve	1,400.5	1,376.1
Other equity including result for the period	-1,356.4	-1,339.7
Total Equity	**207.9**	**155.5**
Non-current Liabilities		
Liabilities to other lenders	257.5	250.5
Total non-current liabilities	**257.5**	**250.5**
Current liabilities		
Current liabilities	3.1	4.8
Accrued expenses and deferred income	5.8	2.3
Total current liabilities	**8.9**	**8.0**
TOTAL EQUITY AND LIABILITIES	**474.4**	**414.0**

PARENT COMPANY CASH FLOW STATEMENT

MSEK	APR-JUN 2024	APR-JUN 2023	JAN-JUN 2024	JAN-JUN 2023	JAN-DEC 2023
Operating Activities					
Operating Result	-5.0	-5.5	-9.9	-10.7	-8.0
Items not affecting Cash Flows					
Depreciation/amortization on assets	-	-	-	-	-
Other Adjustments	-	-	-	-0.1	-0.4
Other items affecting Cash Flows					
Interest paid and received	0.0	0.1	0.0	0.1	0.7
Taxation paid and received	-0.2	-	-0.2	-	-
Cash flow from operating activities before changes in working capital	**-6.9**	**-5.4**	**-10.1**	**-10.7**	**-7.6**
Changes in working capital	-7.2	-22.4	-17.7	-31.7	-64.7
Cash flow from operating activities	**-12.4**	**-27.8**	**-27.8**	**-42.3**	**-72.3**
Cash flow from investing activities	-	-	-	-	-
Cash flow from financing activities	49.6	-2.9	72.4	73.7	73.7
Net change in cash and cash equivalents	**37.3**	**-30.8**	**44.6**	**31.4**	**1.5**
Cash and cash equivalents beginning of the period	19.1	72.5	11.8	10.3	10.3
Cash and cash equivalents end of the period	**56.4**	**41.7**	**56.4**	**41.7**	**11.8**

PARENT COMPANY CHANGE IN EQUITY

MSEK	30 JUN 2024	30 JUN 2023	31 DEC 2023
Amount Brought Forward	**155.5**	**127.8**	**127.8**
New Issue of Shares	75.6	95.9	95.9
Transaction Costs	-6.5	-23.5	-23.5
Warrants	-	-0.3	-0.1
Results for the period	-16.7	11.6	-44.5
Amount Carried Forward	**207.9**	**223.2**	**155.5**

DEFINITIONS OF KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH BFNAR

FINANCIAL MEASURES	DESCRIPTION
Net Sales	Reported net sales.
Usage Revenues	The amount of revenues derived solely from the usage of the Teneo Platform.
Recurring Revenues	Combined amount of revenues derived from Usage, License and Support revenues. This also includes SaaS recurring revenues.
SaaS Recurring Revenues	Recurring revenues derived from SaaS revenue model customers, based on the revenues coming from Subscription, API Calls and Searchable Data.
SaaS ARR	Annual recurring revenues based on last quarter average SaaS Recurring Revenues (Average of quarter Recurring Revenues from SaaS x 12 months).
Net Revenue Retention (NRR)	The percentage of recurring revenues last twelve months (deducting recurring revenues from new customers in the period and deducting revenues from lost customers), divided by recurring revenue last twelve months on the previous period, all average.
Gross Profit	Is calculated as the total net sales subtracted with the total cost of sales (for direct costs per hosting clients' solutions together with commission paid to sales representatives and personnel cost of staff related to Existing Customers Expansion department).
Gross Margin %	Is calculated as the total Gross Margin expressed as a per cent of total revenue in the period.
EBITDA	Earnings before interest, tax, depreciation, and amortization.
EBITDA Adjusted	Earnings before interest, tax, depreciation, and amortization adjusted for non-recurring items and restructuring costs.
Average number of shares before dilution	Average number of shares during the period.
Average number of shares after dilution	Average number of shares during the period including number of shares at full dilution.
API	Application Programming Interface (API) that allows interaction between two applications.
API Calls	Making an API Call correspond to the request sent through an endpoint to the server. Volumes are disclosed in millions and calculated on last quarter average.
SaaS API Calls	Specific API calls solely for SaaS customers. Volumes are disclosed in millions.

CONFERENCE CALL

The report will be presented by Per Ottosson, CEO, and Fredrik Törgren, CFO, via Microsoft Teams Meeting on August 21, 2024, at 09:00 a.m. CET.

Please connect using this link.

CONTACT INFORMATION

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ABOUT TENEO.AI

Teneo.ai® (SSME: ASAI) is a leader in AI. Our platform, Teneo®, is used by millions of people in hundreds of SaaS implementations in the private and public sectors worldwide. Our solution Teneo OpenQuestion optimizes AI for voice, automates customer service and reduces costs.

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Teneo.ai AB is listed on the Nasdaq First North Growth Market in Stockholm with the short name TENEOs. Redeye is the company's Certified Adviser certificateadviser@redeye.se

To learn more visit www.teneo.ai/investors.



About Us

Diverse Workforce

34%

Percentage of female employees in managing positions; 29% in the whole company.

59

Employees and 8 consultants from more than 21 different nationalities.

21

Languages spoken in-house.

Patents & IP

1.6 BSEK

Amazon, Apple, Baidu, Google, Microsoft, Nuance and IBM have made forward citations of our pioneering patents.

Partnerships

Microsoft

Teneo scales with high efficiency across MS Azure infrastructure and is deeply integrated with Azure Cognitive, OpenAI and Analytics services.

NLU Accuracy

+95%

High AI accuracy, crucial for voicebots requires at least 90% accuracy to match human effectiveness. Teneo is achieving over 95% accuracy, outperforming AWS Lex, IBM Watson and Google DialogFlow.

