QUARTERLY REPORT: JULY TO SEPTEMBER 2024

ANOTHER RECORD QUARTER: +90% YoY GROWTH IN SAAS API CALL REVENUES AND TOTAL ARR OF 84 MSEK

JULY TO SEPTEMBER 2024

- SaaS API Call revenues amounted to 9.3 (4.9) MSEK, +90%
- SaaS API Call Volumes amounted to 41.0 million (22.7), +81 %
- SaaS ARR amounted to 54.3 MSEK (34.4), +58%
- Total ARR amounted to 84.3 MSEK (65.0), +29%
- Recurring revenues amounted to 21.1MSEK (16.2), +30%
- Net Revenue Retention Rate (NRR) +127% (146)
- Net sales amounted to 21.2 MSEK (16.4), +29%
- Gross margin amounted to 79% (63)
- EBITDA adjusted amounted to -5.9 MSEK (-13.0), +54%
- Earnings per share amounted to -0.1 SEK (-0.3)

JANUARY TO SEPTEMBER 2024

- Recurring revenues amounted to 57.2 MSEK (44.2), +29%
- Net sales amounted to 57.6 MSEK (44.8), +29%
- Gross margin amounted to 79% (64)
- EBITDA adjusted amounted to -20.6 MSEK (-44.9), +55%
- Earnings per share amounted to -0.1 SEK (-0.4)

EVENTS DURING THE QUARTER

- Artificial Solutions changed name to Teneo.ai and new stock ticker is TENEO from August 20
- Teneo.ai secures new customer and OEM agreement with Valcon, a major consulting firm
- Signed renewal agreement with a large Swedish food grocery chain
- Teneo.ai strengthens the sales team in the US by hiring 2 strategic account and 1 technical account managers
- Teneo.ai introduces revolutionary streaming feature in latest Teneo 7.6 update
- Using Teneo.ai, a Fortune 500 Company has solved the multinational Pain Point of Serving Customers in Multiple Languages

EVENTS AFTER THE QUARTER

- Teneo.ai unveils groundbreaking LLM orchestration solution for customer service automation
- New Audit Committee appointed
- Successfully completed full ISO certification cycle
- Teneo.ai Leads the Future of Customer Service with the Launch of its AI-Driven, Generative AI-Powered Agentless Contact Center
- Teneo.ai Launches ACCelerator Pack for Seamless Migration from End-of-Life Nuance IVR Technology

KEY FIGURES (FOR DEFINITIONS PLEASE SEE PAGE 18)

	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN–SEP 2023	JAN-DEC 2023
Net sales (MSEK)	21.2	16.4	57.6	44.8	60.5
Recurring revenues (MSEK)	21.1	16.2	57.2	44.2	60.0
SaaS ARR (MSEK)	54.3	34.4	54.3	34.4	31.0
SaaS API Call Volumes (Million)	41.0	22.7	41.0	22.7	18.1
NRR %	127%	146%	127%	146%	148%
Gross margin %	79%	63%	79%	64%	67%
EBITDA adjusted (MSEK)	-5.9	-13.0	-20.6	-44.9	-50.7
Earnings per share, SEK	-0.1	-0.3	-0.1	-0.4	-0.6
Cash flow from operating activities before changes in working capital	-16.4	-16.2	-29.2	-45.2	-53.8

CEO STATEMENT



Per Ottosson
CEO

Dear shareholders, colleagues, customers and partners:

We are Teneo.ai and we will enable the first Agentless Contact Center in a top 500 Enterprise.

The third quarter of 2024 was a time of revenue growth and a major change for Artificial Solutions. We are no longer Artificial Solutions - We are now Teneo.ai. A large tech customer has proven a path for large Contact Centers which is incredibly enticing. So, we have launched our vision of the Agentless Contact Center with associated strategy changes.

TENEO.AI

Our product, registered under the name Teneo, has been better known than Artificial Solutions and maintaining two brands for a small company is too expensive. Therefore, the change to Teneo.ai is an important stepping stone to increased our brand recognition.

STRATEGIC SHIFT AND EXECUTION

In early summer our large global tech customer in collaboration with our partner CSGi, significantly expanded their Teneo-based solution by enabling support for 50 additional languages. This was done over a weekend, using the latest available AI-tools and without the need for a project for each language nor for any change in the infrastructure. This milestone cemented Teneo as the leading solution for large-scale call center automation. It became clear that we hold a world-leading position in a focused, yet highly profitable, segment of the AI market, specifically in automating customer interactions for enterprises with large call volumes.

STRATEGIC SHIFT AND EXECUTION CAPITAL

The third quarter of 2024 marked a significant transition for our company as we executed a new strategic focus on the US and UK markets for our direct sales motion. With partners like TechMahindra, Valcon and BSL we have coverage over the rest of Europe together with our marketing. These partners are able to consolidate several customers into one solution, making the customer size and amount of customers less relevant than the resulting API calls. We are implementing a similar strategy in the US and new partnerships will be announced there in the coming weeks. These partners are both go to market and implementation partners that have an important role also in our Direct motion in the US and the UK.

The strategic focus on high-volume customer automation aligns with the broader industry shift. As enterprises move from deflecting customer interactions to seeking efficient, automated phone channel solutions, Teneo stands as the only large scale option. Our unique capability to scale solutions across multiple languages with a single deployment has positioned us to be able to capture significant market share in the US and UK, where 90% of these companies reside.

AGENTLESS CONTACT CENTER VISION AND TENEO.AI

We are committed to realizing the vision of the Agentless Contact Center, and Teneo.ai is at the heart of this transformation. We aim to power the first fully automated contact center for a top 500 enterprise, targeting sophisticated customers who understand both the opportunities and risks of modern AI technologies. Our platform helps these enterprises leverage AI responsibly, mitigating risks while driving operational efficiency.

Our Vision is possible although it will take time to realise but the path to the goal will create extreme savings for our customers.

GECHOLOG: A STRATEGIC REVIEW

While Gecholog reached market readiness by December 2023, the market for real-world operational LLM models is not yet mature. As part of our third quarter of 2024 review, we decided to open-source Gecholog, offering it as an additional benefit to our customers. We are writing off associated accruals for Gecholog as a non-cash, one-time cost this quarter, and the team responsible for its development has left the company as of the end of the quarter.

SALES PERFORMANCE AND MARKET REALIGNMENT

Our most important metric is SaaS API Call growth and we report a 81% YoY growth in the third quarter of 2024. This means that we have outgrown the market at a great pace. In fact our SaaS business which is only three years old has grown in SaaS API call volumes 59x, between the third quarter of 2021 and the third quarter of 2024. Furthermore, our existing customers still have untouched areas that we together can grow into.

To accelerate even more at the beginning of the year, we refocused our sales efforts on acquiring new customers and have successfully signed three new accounts. However, by the end of the second quarter 2024, we observed that we were losing a portion of deals, primarily from customers with smaller volumes and an initial interest in chatbots. These customers found it difficult to differentiate between competing solutions, which are often low-cost, thin layers over an LLM model.

Recognizing this, we pivoted in the summer to target enterprises with millions of phone calls requiring automation. Our ability to deploy solutions across multiple languages with ease sets us apart in this segment. We have replaced solutions from Nuance, Microsoft Composer, and Google Dialogflow at key customers and are confident in our value proposition for large-scale automation needs.

To support this renewed focus, we have expanded our sales and marketing teams in the US and UK and narrowed our customer targets to large enterprises, where the sales cycles are longer but offer significantly higher long-term value.

As this means that we will have to keep investing in the Sales Process with likely delayed actual cash inflow, we have decided to provide greater transparency to our shareholders. Starting in the fourth quarter of 2024, we will introduce new KPIs to track the number of target accounts and potential consolidating partners in the qualified pipeline stage. Each new customer provides nominal revenue until API call volumes grow, with large customers expected to generate 1 MSEK in monthly revenue within 18 months. Partners that choose to sell one solution based on Teneo to several customers are expected to have a similar trajectory.

IN CONCLUSION

We still have the largest implementations for Contact Center Automation but attaining new customers in an “AI-noisy” market place has proven to take longer than expected. We maintain our leading position in user experience so our strategic shift towards large-scale call center automation is positioning us for long-term profitability, even though the upfront investment is substantial. The cooperation with our partners is an efficient way of covering a larger part of the market and adds significant market coverage to our approach. We remain committed to driving innovation and delivering value for our shareholders as we continue on our journey towards the Agentless Contact Center vision.

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 provision of Professional and Expert services. These are no longer in focus for us as a company as we prefer our partners to provide these services to customers.

OUR WAY OF MEASURING ARR

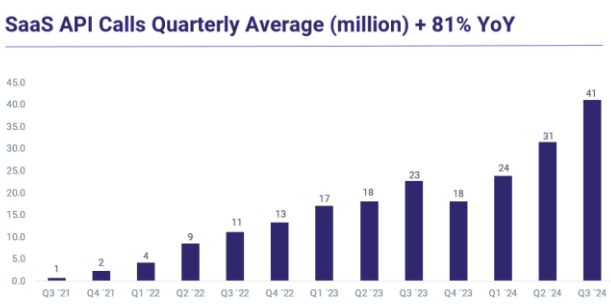
Starting on the fourth quarter 2023, the company changed the computation and reporting of the ARR metric, which is computed as the average monthly recurring revenues over the quarter multiplied by 12. This change provides a more accurate representation of the annual recurring revenues and avoid monthly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

The SaaS business model is growing in importance. The recurring revenues derived from SaaS customers for the third quarter 2024 amounted to 13.6 MSEK (8.6) and constituted 63% (53) of total recurring revenues, 21.1 MSEK (16.2), and 64% (52) 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 increased from 22.7 million in the third quarter 2023 to 41.0 million in the third quarter 2024, equivalent to a growth of 81%. This number shows that volumes are growing fast. The graph below also highlights that we have increased the SaaS API call volumes 59x during the last three years.

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 4% in the third quarter 2024 versus the third quarter 2023.

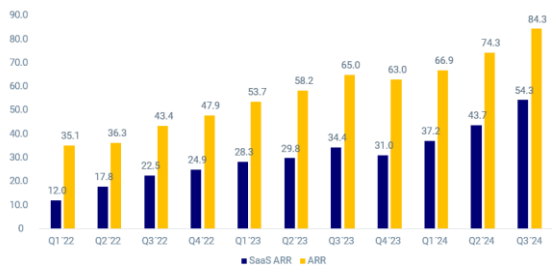


A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer at the end of a quarter, the actual revenues generated may be limited or even zero. During the third quarter of 2024, the company incorporated 1 new SaaS customer. As per 30th of September, there are 13 SaaS customers.

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. Valcon is already working in that model, and we see more partners picking that up. This means that one partner can have several customers that have smaller volumes but still represent a large API call volume. The most important metric for us therefore is not customers but API call growth.

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.

SaaS and Total ARR Quarterly Average (MSEK) + 58% SaaS YoY

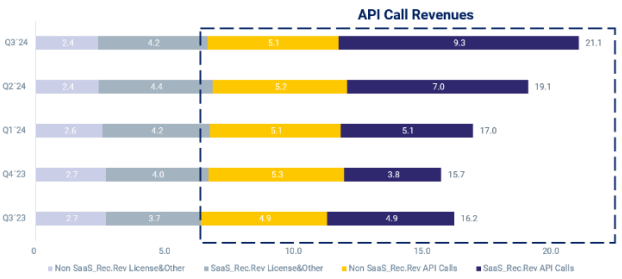


The SaaS ARR in the third quarter 2024 amounted to 54.3 MSEK, an increase from 34.4 MSEK in the same period 2023, equivalent to a growth of 58%. ARR for total business amounted to 84.3 MSEK in the third quarter 2024, an increase from 65.0 MSEK in the same period 2023, equivalent to a growth of 29%.

The recurring revenues for the third quarter 2024 amounted to 21.1 MSEK (16.2), equivalent to almost 100% (99) of net sales and an increase of 30% compared with the same period last year. The usage revenues (Usage and API Calls) for the third quarter 2024 amounted to 14.4 MSEK (9.8), equivalent to 68% (60) of total net sales and an increase of 47% compared with the same period last year.

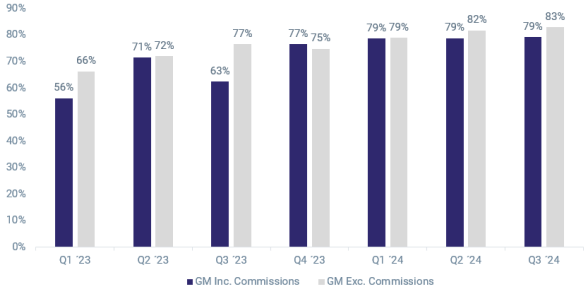
The SaaS API call revenues in the third quarter amounted to 9.3 MSEK (4.9), equivalent to an increase of 90% compared with the same period last year. On the graphic below, the development and growth in the recurring revenues by type is highlighted.

Recurring Revenues by Type (MSEK)



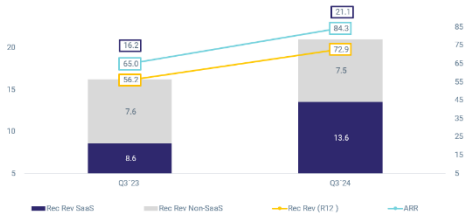
The growth in API calls is key for our gross margin to improve from current levels. Short-term, commission costs, especially for new customers, can impact negatively and we therefore also report gross margin excluding commission costs. Graphic below shows the evolution of our gross margin as our API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

Improved Gross Margin % with Higher API Call Volumes



On a rolling 12-month basis the recurring revenues in the third quarter 2024 amounted to 72.9 MSEK (56.2), equivalent to 99% (97) of total net sales and an increase of 30% compared with the same period last year. The SaaS recurring revenues on a rolling 12-month basis amounted to 42.1 MSEK (30.9), a growth of 36% compared with same period last year.

YoY Recurring Revenues, SaaS and Total ARR (MSEK)



JULY TO SEPTEMBER 2024

Net sales for the third quarter 2024 amounted to 21.2 MSEK (16.4), equivalent to an increase of 29% compared to the same period last year. The recurring revenues in the third quarter 2024 amounted to 21.1 MSEK (16.2), equivalent to almost 100% (99) of total net sales and an increase of 30% 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 third quarter 2024 amounted to -28.0 MSEK (-23.6). The increase in personnel costs in the third quarter 2024 compared to same period last year is mainly due to organizational measures carried out by the company and the impact of these measures amounted to -6.9 MSEK. After these measures, the number of employees end of September is 58 (63). In addition to the employed staff, the company also has commitments with specialized contractors and the total cost in the third quarter of 2024 amounted to -3.8 MSEK (-2.0 MSEK). These costs are recorded under Other Operating Expenses. Total number of consultants end of September 2024 amounted to 10 (3).

Depreciation and amortization in the third quarter 2024 amounted to -7.7 MSEK (-3.2). The increase corresponds to the amortization of the value of Gecholog of -4.2 MSEK following the decision to open source the product.

Capitalized R&D for the third period amounted to 6.3 MSEK (4.0). The increase is due to a higher capitalization rate.

Total operating expenses, including depreciation and amortization, in the third quarter 2024 amounted to -51.3 MSEK (-38.7).

The annual operating expenses run rate in the third quarter 2024, excluding depreciation and amortization, non-recurring items of -10.2 MSEK and cost of sales of -4.4 MSEK have increased from -112 MSEK in the second quarter 2024 to -116 MSEK (-109) in the third quarter 2024. The average monthly operating expenses in the third quarter 2024, excluding depreciation and amortization, non-recurring cost items and cost of sales amounted to -9.7 MSEK (-9.1). With the executed organizational changes, the company intends to continue to invest more in sales and marketing. Therefore, the annual operational expenses will increase slightly the coming quarters.

JANUARY TO SEPTEMBER 2024

Net sales for the first nine months 2024 amounted to 57.6 MSEK (44.8), equivalent to an increase of 29% compared to the same period last year. The recurring revenues for the first nine months 2024 amounted to 57.2 MSEK (44.2), equivalent to 99% (99) of total net sales.

Personnel costs for the first nine months 2024 amounted to -69.2 MSEK (-70.6), a decrease of -2% compared to the same period last year. The decrease in personnel costs is due to the lower number of headcounts during the third quarter of 2024, 62, compared to the third quarter of 2023, 66, together with lower sales commissions. Headcount at the end of the second quarter amounted 58 (63) employees.

Depreciation and amortization in the first nine months 2024 amounted to -16.3 MSEK (-10.7). The increase corresponds to the amortization of the value of the Gecholog product, -4.2 MSEK. Capitalized R&D for the same period amounted to 18.2 MSEK (11.8). The 55% increase is due to a higher capitalization rate.

FINANCIAL ITEMS AND TAX

Net financial items for the third quarter 2024 amounted to -4.1 MSEK (-7.7) and to -7.3 MSEK (24.4) for the first nine months 2024.

The interest income and costs for the third quarter 2024 amounted to -3.3 MSEK (-3.6), and to -10.6 MSEK (16.8) for the first nine months 2024. The interest cost for the credit facility in the third quarter 2024 amounted to -3.6 MSEK and to -10.8 MSEK for the first nine months 2024 (of which -8.0 MSEK correspond to real interest and -2.8 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 third quarter were impacted with -0.8 MSEK of currency exchange rate differences, of which -0.5 MSEK are unrealized exchange rate differences, and -0.3 MSEK are realized. For the first nine months 2024, 5.1 MSEK are unrealized exchange rates differences and -1.8 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 third quarter 2024 amounted to -16.4 MSEK (-16.2) and to -29.2 MSEK (-45.2) for the first nine months 2024.

In the third quarter 2024, adjustments for items not affecting cash flow amounted to -0.4 MSEK (0) and for the first nine months of 2024 to 1.4 MSEK (0.8). 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 third quarter 2024 amounted to -18.8 MSEK (-14.0) and to -33.8 MSEK (-42.9) for the first nine months 2024.

Cash flow from investing activities in the third quarter 2024 amounted to -6.4 MSEK (-4.0) and to -18.5 MSEK (-11.9) for the first nine months 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 third quarter 2024 amounted to -3.8 MSEK (0.9) and to 68.5 MSEK (74.0) for the first nine months 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 -3.8 MSEK, paid 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 September 30, 2024, amounted to 31.5 MSEK (37.3). During the fourth quarter 2024, the company has received 5.3 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 September 30, 2024, would have amounted to approximately 37 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 third quarter 2024 net sales amounted to 0.4 MSEK (0.4), and to 1.2 MSEK (1.2) for the first nine months 2024. All being recurring revenues. These are revenues from a single customer agreement entered into with the parent company.

In the third quarter 2024 operating expenses amounted to -6.7 MSEK (-5.6) and to -17.3 MSEK (-17.0) for the first nine months of 2024. The parent company centralizes the contract with the group supplier of cloud services.

Net financial items for the third quarter of 2024 amounted to -3.7 MSEK (3.6) of which -2.7 MSEK (-2.6) relate to interest costs and -0.9 MSEK (-0.9) to capitalized transaction costs, -8.0 MSEK (19.6) and -2.8 MSEK (-2.8) respectively for the first nine months 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 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. The 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 be found 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 September 2024 amounted to 58 (63). The number of full-time equivalent employees in the group in September 2024, amounted to 60 (62). In addition to the employed staff, the company also has commitments with specialized contractors, 10 consultants in total at the end of September 2024.

EVENTS DURING THE QUARTER

NEW PARTNERS

Teneo.ai secured Valcon, a major consulting firm, as new customer and OEM partner. Being an OEM partner, Valcon will be able to build one solution and deploy to several customers.

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.

RENEWALS

On the third quarter, a large Swedish food grocery chain renewed its license and extended for twelve months.

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.

EMPLOYEES

In order to increase the US and UK market presence, the company has hired 2 new Strategic Accounts Managers and a Director Customer and Sales Engagement in the US and an Account Director for Healthcare in the UK.

To make the organization fit to the go to market strategy, the company has carried out a reorganization on the workforce, by ending contract with Gecholog employees, among others, while continuing to invest in the sales organization.

TENEO 7.6 UPDATE

Teneo.AI has recently launched an update to its Customer Service Automation platform, Teneo, now at version 7.6, bringing a significant leap in real-time user interaction with the introduction of Teneo Streaming. This latest feature is designed to transform how virtual agents operate, allowing them to provide instantaneous responses even while tasks are being processed.

TENEO MULTIPLE LANGUAGES

Teneo.ai announced a groundbreaking service implemented by a leading US-based multinational, one of the top five technology companies worldwide.

Using Teneo.ai to orchestrate AI services like Genesys Contact Center, ChatGPT, and CLU, the company has built a Virtual Contact Center Agent. This Contact Center Agent answers the phone, understands why a customer is calling, gathers information from internal systems, and resolves the customer's issue. If this is not possible, it sends all gathered information to a live agent.

EVENTS AFTER THE QUARTER

TENEO.AI UNVEILS GROUNDBREAKING LLM ORCHESTRATION SOLUTION FOR CUSTOMER SERVICE AUTOMATION

Teneo.ai launched its latest innovation: Teneo LLM Orchestration. Designed to address the challenges of using Large Language Models (LLMs) in customer service, this advanced solution promises unparalleled flexibility, precision, and cost savings, empowering businesses to deliver superior customer service experiences.

NEW NOMINATION COMMITTEE

The following members have, in accordance with the procedure adopted by the Annual General Meeting 2024, been appointed to the Teneo.ai Nomination Committee:

- **Carl Knutsson**, appointed by Stockhorn Capital AB, the largest shareholder in Teneo.ai.
- **Sven Härgestam**, appointed by Arpeggio AB and Mr Härgestam's private holdings, combined the second largest shareholder in Teneo.ai.
- **Carl Thelin**, appointed by SEB-Stiftelsen, the third largest shareholder in Teneo.ai.
- **Johan A. Gustavsson**, Chairman of the Board of Directors of Teneo.ai

SUCCESSFULLY COMPLETED FULL ISO CERTIFICATION CYCLE

Teneo.ai successfully completed our first ISO 27001 certification cycle (3 years), a major achievement that underscores our commitment to maintaining the highest standards of information security across all levels of the organization. This accomplishment marks a pivotal step in the ongoing maturation of our Information Security Management System (ISMS) and demonstrates Teneo AI's dedication to safeguarding sensitive data in every process and department. Teneo.ai recognizes that in today's digital landscape, information security is not optional, it is essential. From the Management Team to every single employee, we understand that the responsibility of safeguarding information belongs to everyone. Teneo.ai's commitment to protecting our clients' and partners' data is paramount, and we take pride in knowing that this commitment is shared across the entire organization.

As we close the ISO 27001 certification cycle, we look forward to building on this achievement. Maintaining ISO 27001 certification is a continuous process, and Teneo.ai is fully committed to ongoing improvement and adaptation to new security challenges.

TENEO AI LAUNCHES ACCELERATOR PACK FOR SEAMLESS MIGRATION FROM END-OF-LIFE NUANCE IVR TECHNOLOGY

As Nuance phases out its CX solutions by December 31st, this opens an opportunity for Teneo.ai to offer businesses a seamless transition to an enhanced customer experience. Our ACCelerator Pack provides a comprehensive and efficient migration from Nuance, covering system evaluation, smooth integration across all channels, and training with ongoing support. The process ensures minimal disruption, leveraging existing technologies such as Cisco, Genesys, and Avaya.

Furthermore, Teneo is transact-enabled, which allows businesses to transition from Nuance under Microsoft contracts with ease. Teneo stands out for its ability to fully automate complex customer interactions, as demonstrated by the automation of four million calls without human intervention. By replacing Nuance IVR systems with Teneo's advanced natural language interface, enterprises can improve efficiency, task automation, and customer support while reducing operational costs.

TENEO.AI LEADS THE FUTURE OF CUSTOMER SERVICE WITH THE LAUNCH OF ITS AI-DRIVEN, GENERATIVE AI-POWERED AGENTLESS CONTACT CENTER

Teneo.ai has launched an agentless contact center solution powered by generative AI, aiming to automate 100% of Level 1 and 50% of Level 2 support tasks. This new solution significantly reduces operational costs by up to 60%, improves customer satisfaction with no wait times, and achieves over 95% accuracy in handling inquiries. Built on Microsoft Azure, it provides scalability, automating routine and complex tasks while freeing human agents for high-value interactions, positioning businesses for a fully autonomous contact center future.

SHARE-RELATED INCENTIVE PROGRAM

INCENTIVE PROGRAMS SUMMARY

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

Programs	Number of warrants	Strike Price (SEK)
2020/2025:1	3,900	8.0
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%.

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".

The number of shares as of September 30, 2024, amounted to 373,144,240.

	30 SEP 2024	30 SEP 2023
Number of shares at the end of the period	373,144,240	102,429,090
Average number of shares before dilution	255,914,023	82,063,537
Average number of shares after dilution	255,914,023	82,063,537

The 10 largest shareholders on September 30, 2024, are listed below:

Shareholders	Capital %
Stockhorn Capital AB	18.1%
Sven Härgestam and company	10.8%
SEB-Stiftelsen	10.7%
SEB Luxembourg	7.0%
Tedde Jeansson	6.3%
Avanza Pension	3.7%
AB Couronne	3.2%
Sunhold B.V.	2.2%
Niclas Nystrom	2.1%
Provider Investment AB	1.8%

AUDIT REVIEW REPORT

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

FINANCIAL CALENDAR

- Interim Report for the fourth quarter of 2024, February 20, 2025

Stockholm, October 24, 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	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN-SEP 2023	JAN-DEC 2023
Net Sales	21.2	16.4	57.6	44.8	60.5
Capitalized amount for own accounts	6.3	4.0	18.2	11.8	20.9
Other operating income	0.0	-1.2	2.1	-1.2	-1.2
Total operating income	**27.5**	**19.2**	**78.0**	**55.4**	**80.3**
Personnel costs	-28.0	-23.6	-69.2	-70.6	-88.4
Other external costs	-15.6	-11.9	-41.6	-37.0	-50.1
Depreciation and amortization on fixed assets	-7.7	-3.2	-16.3	-10.7	-14.2
Other operating expenses	0.0	-0.0	0.0	-0.0	-0.0
Total operating expenses	**-51.3**	**-38.7**	**-127.1**	**-118.2**	**-152.7**
Operating loss	**-23.9**	**-19.5**	**-49.1**	**-62.8**	**-72.4**
Net financial items	-4.1	-7.7	-7.3	24.4	14.4
Loss after financial items	**-28.0**	**-27.2**	**-56.4**	**-38.5**	**-58.0**
Tax on result for the period	0.0	0.0	0.0	0.0	0.0
NET RESULT FOR THE PERIOD	**-28.0**	**-27.2**	**-56.4**	**-38.5**	**-58.0**

GROUP CONSOLIDATED BALANCE SHEET

MSEK	30 SEP 2024	30 SEP 2023	31 DEC 2023
ASSETS			
Non-current assets			
Capitalized expenditure for licensed software and development	43.1	34.6	39.6
Equipment, furniture, and fitting	0.5	0.7	0.6
Other non-current receivables	1.1	1.2	1.1
Total non-current assets	**44.6**	**36.5**	**41.3**
Current assets			
Current receivables	19.9	18.4	22.9
Cash and bank balances	31.5	37.3	15.2
Total current assets	**51.4**	**55.7**	**38.1**
TOTAL ASSETS	**96.0**	**92.2**	**79.4**
EQUITY AND LIABILITIES			
Equity			
Share capital	163.8	119.1	119.1
Share premium reserve	1,400.0	1,376.1	1,376.1
Other equity including result for the period	-1,775.7	-1,700.2	-1,715.8
Total Equity	**-211.9**	**-205.0**	**-220.6**
Non-current liabilities			
Liabilities to other lenders	261.1	246.9	250.5
Total non-current liabilities	**261.1**	**246.9**	**250.5**
Current liabilities			
Current liabilities	9.7	17.5	13.1
Accrued expenses and deferred income	37.0	32.8	36.4
Total current liabilities	**46.7**	**50.3**	**49.6**
TOTAL EQUITY AND LIABILITIES	**96.0**	**92.2**	**79.4**

GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN-SEP 2023	JAN-DEC 2023
Operating Activities					
Operating Loss	-23.9	-19.5	-49.1	-62.8	-72.4
Items not affecting Cash Flows					
Depreciation/amortization on assets	8.0	3.2	16.3	10.7	14.2
Other Adjustments	-0.4	0.0	1.4	0.8	-2.1
Items affecting Cash Flows					
Interest Paid and received	0.3	0.1	-1.5	1.0	1.1
Taxation paid and received	-0.3	0.1	3.7	5.2	5.4
Cash flow from operating activities before changes in working capital	**-16.4**	**-16.2**	**-29.2**	**-45.2**	**-53.8**
Changes in working capital	-2.4	2.1	-4.6	2.2	-1.8
Cash flow from operating activities	**-18.8**	**-14.0**	**-33.8**	**-42.9**	**-55.6**
Cash flow from investing activities	-6.4	-4.0	-18.5	-11.9	-21.3
Cash flow from financing activities	-3.8	0.2	68.5	74.0	74.0
Net change in cash and cash equivalents	**-29.1**	**-17.8**	**16.3**	**19.1**	**-3.0**
Cash and cash equivalents beginning of the period	60.5	55.1	15.2	18.2	18.2
Cash and cash equivalents end of the period	**31.5**	**37.3**	**31.5**	**37.3**	**15.2**

GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	30 SEP 2024	30 SEP 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	-7.0	-23.5	-23.5
Warrant premiums	-	1.1	-0.1
Results for the period	-56.4	-38.5	-58.0
Translation difference	-3.5	-6.4	-1.2
Amount Carried Forward	**-211.9**	**-205.0**	**-220.6**

KEY RATIOS

MSEK	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN-SEP 2023	JAN-DEC 2023
Net Sales	21.2	16.4	57.6	44.8	60.5
Recurring Revenues	21.1	16.2	57.2	44.2	60.0
Recurring Revenues %	100%	99%	99%	99%	99%
SaaS ARR	54.3	34.4	54.3	34.4	31.0
SaaS API Call Volume (Million)	41.0	22.3	41.0	22.7	18.1
NRR%	127%	146%	127%	146%	148%
Gross Profit	16.7	10.4	45.5	28.6	40.8
Gross Margin %	79%	63%	79%	64%	67%
EBITDA Adjusted	-5.9	-13.0	-20.6	-44.9	-50.7
Equity ratio	0.0	-2.20	-2.2	-2.22	-2.8

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENT

MSEK	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN-SEP 2023	JAN-DEC 2023
Net Sales	0.4	0.4	1.2	1.2	1.5
Other operating income	-	-	-	-	7.9
Total operating income	**0.4**	**0.4**	**1.2**	**1.2**	**9.5**
Other external costs	-6.7	-5.6	-17.3	-17.0	-17.4
Total operating expenses	**-6.7**	**-5.6**	**-17.3**	**-17.0**	**-17.4**
Operating loss	**-6.2**	**-5.2**	**-16.1**	**-15.8**	**-8.0**
Net financial items	-3.3	-3.6	-10.1	18.7	-36.5
Result after financial items	**-9.6**	**-8.8**	**-26.3**	**2.9**	**-44.5**
Tax on result for the period	0.0	-	0.0	-	-
NET RESULT FOR THE PERIOD	**-9.6**	**-8.8**	**-26.3**	**2.9**	**-44.5**

PARENT COMPANY BALANCE SHEET

MSEK	30 SEP 2024	30 SEP 2023	31 DEC 2023
ASSETS			
Non-current assets			
Receivable from Group companies	149.9	145.0	115.8
Financial assets	283.6	283.6	283.6
Other non-current receivables	0.3	0.3	-
Total non-current assets	**433.8**	**428.9**	**399.5**
Current assets			
Current receivables	2.5	1.9	2.8
Cash and bank balances	28.7	25.6	11.8
Total current assets	**31.3**	**27.5**	**14.6**
TOTAL ASSETS	**465.0**	**456.4**	**414.0**
EQUITY AND LIABILITIES			
Equity			
Share capital	163.8	119.1	119.1
Share premium reserve	1,400.0	1,376.1	1,376.1
Other equity including result for the period	-1,365.9	-1,292.3	-1,339.7
Total Equity	**197.9**	**202.9**	**155.5**
Non-current Liabilities			
Liabilities to other lenders	261.1	246.9	250.5
Total non-current liabilities	**261.1**	**246.9**	**250.5**
Current liabilities			
Current liabilities	2.2	3.6	4.8
Accrued expenses and deferred income	3.8	2.9	2.3
Total current liabilities	**6.0**	**6.6**	**8.0**
TOTAL EQUITY AND LIABILITIES	**465.0**	**456.4**	**414.0**

PARENT COMPANY CASH FLOW STATEMENT

MSEK	JUL-SEP 2024	JUL-SEP 2023	JAN-SEP 2024	JAN-SEP 2023	JAN-DEC 2023
Operating Activities					
Operating Result	**-6.2**	**-5.2**	**-16.1**	**-15.8**	**-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	0.3	-0.0	0.4	-0.0	0.7
Taxation paid and received	-0.3	-	-0.6	-	-
Cash flow from operating activities before changes in working capital	**-6.2**	**-5.2**	**-16.3**	**-15.9**	**-7.6**
Changes in working capital	-17.4	-11.0	-35.0	-42.6	-64.7
Cash flow from operating activities	**-23.6**	**-16.2**	**-51.4**	**-58.5**	**-72.3**
Cash flow from investing activities	-0.3	-	-0.3	-	-
Cash flow from financing activities	-3.8	0.0	68.6	73.7	73.7
Net change in cash and cash equivalents	**-27.7**	**-16.1**	**16.9**	**15.2**	**1.5**
Cash and cash equivalents beginning of the period	56.4	41.7	11.8	10.3	10.3
Cash and cash equivalents end of the period	**28.7**	**25.6**	**28.7**	**25.6**	**11.8**

PARENT COMPANY CHANGE IN EQUITY

MSEK	30 SEP 2024	30 SEP 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	-7.0	-23.5	-23.5
Warrants	-	-0.1	-0.1
Results for the period	-26.3	2.9	-44.5
Amount Carried Forward	**197.9**	**202.9**	**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 October 24, 2024, at 09:00 a.m. CET.

Please connect using this link.

CONTACT INFORMATION

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ABOUT TENEO.AI

Teneo.ai (SSME:TENEO) is at the forefront of AI-driven automation for voice and text-based customer service. Our Teneo platform leverages cutting-edge Conversational AI, Generative AI, and Large Language Models to enhance the efficiency and effectiveness of customer interactions. We simplify Voice AI integration, ensuring a seamless experience that reduces losses in automated conversations and maximizes the value of existing technology investments.

Our innovative solutions help businesses expand their customer base, boost revenue, and reduce churn, enabling the realization of the Agentless Contact Center concept. This approach delivers tangible ROI through lower cost as contact center agents are freed to conduct higher value tasks, improved customer satisfaction (CSAT), first contact resolution (FCR), and call containment.

Proudly serving global leaders like AT&T, HelloFresh, Swisscom, and Telefónica, Teneo.ai has revolutionized customer service automation, directly automating up to 40% of operations and achieving up to 50% cost savings. Our patented technology integrates effortlessly with any Conversational AI platform, supporting both chat and voice applications. This integration enhances critical metrics such as growth, FCR, CSAT, and Net Promoter Score (NPS), ensuring our clients achieve superior outcomes in customer service. Teneo AI AB is listed on the Nasdaq First North Growth Market in Stockholm with the short name TENEO. Redeye is the company's Certified Adviser certificateadviser@redeye.se.

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



About Us

Diverse Workforce

37%

Percentage of female employees in managing positions; 31% in the whole company.

19

A multicultural workforce with 19 different nationalities.

18

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.

