QUARTERLY REPORT: OCTOBER TO DECEMBER 2024

UNPRECEDENT QUARTER: +294% GROWTH SAAS API CALLS REVENUES YOY AND TWO FINANCIAL TARGETS MET

OCTOBER TO DECEMBER 2024

- SaaS API Call revenues amounted to 14.8 (3.8) MSEK, +294%
- SaaS API Call volumes amounted to 60.3 million (18.1), +234 %
- SaaS ARR amounted to 75.1 MSEK (31.0), +142%
- Total ARR amounted to 103.9 MSEK (63.0), +65%
- Recurring revenues amounted to 26.3 MSEK (15.7), +67%
- Net Revenue Retention Rate (NRR) +135% (145)
- Net sales amounted to 26.5 MSEK (15.8), +68%
- Gross margin amounted to 80% (77)
- Gross margin % (excl. commission) amounted to 87% (75)
- EBITDA adjusted amounted to -1.7 MSEK (-5.8), +71%
- Earnings per share amounted to -0.0 SEK (-0.2)

JANUARY TO DECEMBER 2024

- Recurring revenues amounted to 83.5 MSEK (60.0), +39%
- Net sales amounted to 84.1 MSEK (60.5), +39%
- Gross margin amounted to 79% (67)
- Gross margin % (excl. commission) amounted to 83% (72)
- EBITDA adjusted amounted to -22.3 MSEK (-50.7), +56%
- Earnings per share amounted to -0.2 SEK (-0.6)

EVENTS DURING THE QUARTER

- Teneo.ai surpasses 17,000 AI Agents in production, redefining the future of Customer Service
- Teneo.ai launched ACCelerator Pack for seamless migration from end-of-life Nuance IVR Technology
- Teneo.ai partners with Business Systems Ltd (BSL), a Genesys and Nice contact center integrator in Europe & UK
- Partner BSL, signed a contract for contact center solution at a new Swiss customer in the EV Automotive space
- Renewal of agreements with 3 customers in the financial services industry
- Teneo.ai unveils groundbreaking LLM orchestration solution for customer service automation
- Teneo.ai leads the industry when launching AI-Driven, Generative AI-Powered Agentless Contact Center
- Successfully completed full ISO certification cycle, showcasing assurance to compliance, security and reliability

EVENTS AFTER THE QUARTER

- Teneo.ai raises 60 MSEK through an oversubscribed directed share issue
- Raizor and Teneo.AI join forces to deliver Generative AI and Conversational AI for Enterprise Contact Centers

KEY FIGURES (FOR DEFINITIONS PLEASE SEE PAGE 19)

	OCT-DEC 2024	OCT-DEC 2023	JAN-DEC 2024	JAN-DEC 2023
Net sales (MSEK)	26.5	15.8	84.1	60.5
Recurring revenues (MSEK)	26.3	15.7	83.5	60.0
ARR (MSEK)	103.9	63.0	103.9	63.0
SaaS ARR (MSEK)	75.1	31.0	75.1	31.0
SaaS API Call Revenues (MSEK)	14.8	3.8	36.3	15.9
SaaS API Call Volumes (average Million)	60.3	18.1	60.3	18.1
NRR %	135%	145%	135%	145%
Gross margin %	80%	77%	79%	67%
Gross margin % (excl. commission)	87%	75%	83%	72%
EBITDA adjusted (MSEK)	-1.7	-5.8	-22.3	-50.7
Earnings per share (SEK)	-0.0	-0.2	-0.2	-0.6
Cash flow from operating activities before changes in working capital (MSEK)	-1.3	-8.6	-30.6	-53.8

CEO STATEMENT



Per Ottosson
CEO

Dear Team Teneo.ai, Partners, and Valued Shareholders,

As we conclude 2024, and reflect on a significant fourth quarter, I am pleased with the progress and achievements of Teneo.ai. The fourth quarter 2024 has been a period of substantial growth and development, further establishing our position in the Agentic AI space for contact centers.

AGENTIC AI – MARKET MOMENTUM BUILDS

We have achieved a key milestone this quarter, surpassing **17,000 AI agents in production** for our customers. These agents are autonomously executing actions at an impressive rate of **25 times per second,** demonstrating the increasing real-world application of Agentic AI. This quarter reinforces the emergence of **Agentic AI in the contact center** as a tangible and impactful reality.

The launch of **our Agentless Contact Center** solution in the fourth quarter 2024 represents a significant advancement. Teneo.ai now offers the capability to fully automate tier 1 support, delivering notable efficiency and responsiveness improvements for our clients. This advancement positions us at the forefront of evolving customer interaction models.

FINANCIAL PERFORMANCE – ACHIEVING KEY TARGETS

Financially, the fourth quarter 2024 reflects strong performance. We achieved a significant milestone, exceeding **100 MSEK in Annual Recurring Revenue (ARR).** Furthermore, we realized a **cash flow positive month** during the quarter and **annualized API calls of 1 bn**, highlighting our sustainable growth trajectory and operational effectiveness. These financial results validate the market demand for our Agentic AI solutions and the strength of our business model.

STRATEGIC MARKET POSITIONING – CAPITALIZING ON NUANCE TRANSITION

The recent announcement from Nuance (a Microsoft Company) regarding the discontinuation of their IVR solution, a widely used solution in our target market, presents a clear opportunity for Teneo AI and our partners. We have responded proactively with the launch of our **Nuance Accelerator Pack**. This targeted offering provides Nuance partners with a streamlined and effective path for their clients to transition to Teneo.ai's advanced Agentic AI platform. We anticipate this initiative will contribute to continued market expansion and strengthen our market position.

OPERATIONAL EXCELLENCE AND RELIABILITY – MAINTAINING ISO STANDARDS

Our commitment to operational excellence remains a priority for us and the trust customers put in us. In the fourth quarter, we successfully maintained our **ISO certifications once again, without any infractions**. This ongoing certification underscores our dedication to quality, security, and reliable operations, providing assurance to our customers and partners.

STRATEGIC PARTNERSHIPS – EXPANDING MARKET REACH

During the quarter, we strategically expanded our partner network, joining forces with four key organizations:

- **BSL Business Systems Ltd (UK):** A leading contact center integrator in the UK, extending our reach within the European market. BSL closed the first deal already in Q4 – a Contact Center solution for a Swiss EV Charging Network.
- **Kenway (US):** Experts in Google Dialogflow, enhancing our capabilities within the Google ecosystem.
- **AppDirect (US):** A Master Agent with broad US coverage, providing significant distribution capabilities for both Genesys and Amazon Connect.
- **InterVision (US):** A reseller and integrator of Amazon Connect with a strong presence on the West Coast of the US.

- **NWN Carousel (US):** A major Genesys reseller in the US, aligning us with a key player in the Genesys space and driving the adoption of the Agentless Contact Center.

These strategic alliances are important for scaling our market reach, deepening market penetration, and facilitating the broader adoption of Agentic AI solutions.

We also started a new go to market journey in the US to complement the Direct motion in order to shorten the sales process. Michael Kenney, who has built the go to market for Dropbox, Symantec and Ingram Micro, has taken over the full US sales and will drive through these new partnerships.

SALES DEVELOPMENT

As stated in our third quarter 2024 report, we are now sharing our sales pipeline to provide investors with insights into the impact of our sales investments. This pipeline reflects the status at the time of this statement.

Our new sales are measured as a 12-month subscription value, excluding future API calls—though API calls make up most of our revenue. The pipeline is weighted based on the sales stage of each opportunity and does not include additional revenue from existing customers.

For example, consider a sales opportunity for a new customer similar to one of our large existing clients. If this opportunity is in the *qualified* sales stage, it would be valued at:

9,900 times 12 months times 20 % (weight for qualified stage) = approximately 24,000 EUR.

While the long-term potential revenue from such a customer could be 3.5 MEUR per year, our pipeline reflects only 24,000 EUR at this stage.

Our weighted pipeline for new customer agreements in the next 12 months has grown 72% to 461,000 EUR from October 2024. This means that once API call revenue is factored in, we have identified opportunities that more than double our current revenue.

STRONG SHAREHOLDER INTEREST – RAISED 60 MSEK IN Q1 2025

We thank the strong vote of confidence that investors delivered in January 2025. Teneo AI executed an oversubscribed directed issue raising 60 MSEK in gross proceeds. The funds will be used to drive continued growth in the US primarily and secondly in the UK.

LOOKING FORWARD – CONTINUED GROWTH IN AGENTIC AI

The fourth quarter 2024 has been a period of solid progress for Teneo AI. We have demonstrated significant growth, strengthened our financial foundation, and advanced our product offerings. We enter 2025 with a strong momentum, a robust product portfolio, and a valuable network of partners, as well as a sales team in the US with the objective to be the alternative to customers that need to replace Nuance, which is end of life.

Thank you to our shareholders, team, partners, and customers for your continued contributions and support. Together, we are shaping the future of customer interaction through Agentic AI.

Sincerely,

Per Ottosson, CEO
Teneo.ai

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

Accomplishment: Two Financial Targets Fulfilled

The two long term financial targets that were fulfilled during the fourth quarter 2024 are:

- **API call volumes of 1 billion annualized during 2024**: During one month in the fourth quarter 2024, the annualized API call volumes, for SaaS and non-SaaS volumes combined, amounted to 1 billion API calls. The average annualized API call volumes in the fourth quarter amounted to 901 million (440), equivalent to a YoY growth of 105%. This is a key KPI for our operations and the more API calls generated, the more revenues for the company.
- **Positive cash flow from operations during 2024**: During one month in the fourth quarter 2024, the company reported a net cash flow of +2.4 MSEK. The adjusted EBITDA in the fourth quarter 2024 also amounted to -1.7 MSEK (-5.8 MSEK). Higher revenue volumes in the fourth quarter 2024 improved profitability and cash flow generation during the quarter.

Business Revenue Model

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 Teneo.ai as a company as we prefer our partners to provide these services to customers.

OUR WAY OF MEASURING ARR

The company measures ARR as the average monthly recurring revenues over the quarter multiplied by 12. This way of measuring ARR provides a more accurate representation of the annual recurring revenues as it removes impact from potential monthly fluctuations caused by seasonality and similar.

The SaaS business model is growing in importance. The recurring revenues derived from SaaS customers for the fourth quarter 2024 amounted to 19.1 MSEK (7.8) and constituted 73% (49) of total recurring revenues, 26.3 MSEK (15.7), and 72% (49) 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 18.1 million in the fourth quarter 2023 to 60.3 million in the fourth quarter 2024, equivalent to a growth of 234%. This number shows as unprecedent growth on SaaS volumes year over year. The graph below also highlights that we have increased the SaaS API call volumes 25x 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 9% full year 2024 versus full year 2023.

SaaS API Calls Quarterly Average (million) + 234% YoY

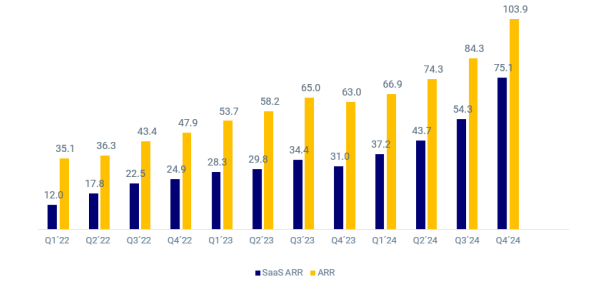


A SaaS customer is a subscription base customer that reports on API calls generated. If we add one customer at the end of a quarter, the actual revenues generated may be limited or even zero. During the fourth quarter of 2024, the company incorporated 1 new SaaS customer through a partner.

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. For instance, Valcon and BSL are 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 or larger volumes but still represent a large API call volume for the total. 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.

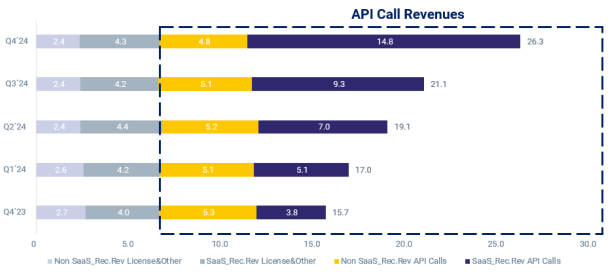
SaaS and Total ARR Quarterly Average (MSEK) + 142% SaaS YoY



The SaaS ARR in the fourth quarter 2024 amounted to 75.1 MSEK, an increase from 31.0 MSEK in the same period 2023, equivalent to a growth of 142%. ARR for total business amounted to 103.9 MSEK in the fourth quarter 2024, an increase from 63.0 MSEK in the same period 2023, equivalent to a growth of 65%.

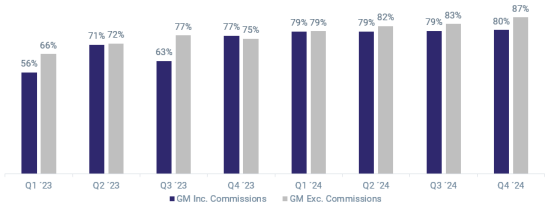
The recurring revenues for the fourth quarter 2024 amounted to 26.3 MSEK (15.7), equivalent to 99% (99) of net sales and an increase of 67% compared with the same period last year. The usage revenues (Usage and API Calls plus Data Searchable and other revenues derived from usage of the Platform) for the fourth quarter 2024 amounted to 19.8 MSEK (9.1), equivalent to 74% (58) of total net sales and an increase of 118% compared with the same period last year. The SaaS API call revenues in the fourth quarter amounted to 14.8 MSEK (3.8), equivalent to an increase of 294% 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)



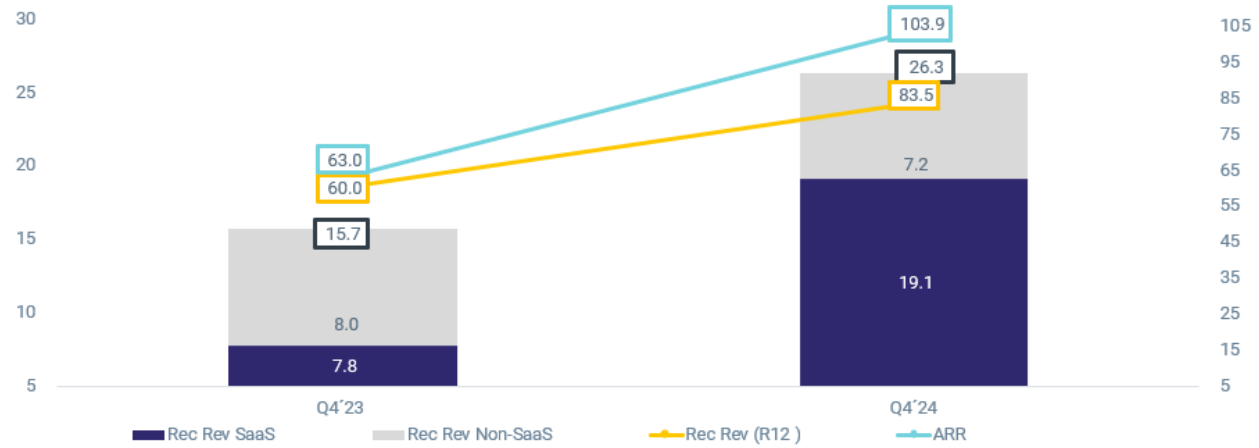
The growth in API calls is key for our gross margin to improve from current levels. Short-term, commission costs, especially for new customers, can impact negatively and we therefore also report gross margin excluding commission costs. Graphic below shows the evolution of our gross margin as our API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

Improved Gross Margin % with Higher API Call Volumes



On a rolling 12-month basis the recurring revenues in the fourth quarter 2024 amounted to 83.5 MSEK (60.0), equivalent to 99% (99) of total net sales and an increase of 39% compared with the same period last year. The SaaS recurring revenues on a rolling 12-month basis amounted to 53.5 MSEK (30.9), a growth of 73% compared with same period last year. ARR in the fourth quarter of 2024 is +24% above recurring revenues on a rolling 12 months, indicating a very strong sales development the most recent quarters.

YoY Recurring Revenues, SaaS and Total ARR (MSEK)



OCTOBER TO DECEMBER 2024

Net sales for the fourth quarter 2024 amounted to 26.5 MSEK (15.8), equivalent to an increase of 68% compared to the same period last year. The recurring revenues in the fourth quarter 2024 amounted to 26.3 MSEK (15.7), equivalent to 99% (99) of total net sales and an increase of 67% 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 fourth quarter 2024 amounted to -21.5 MSEK (-17.9). The increase in personnel costs in the fourth quarter 2024 compared to same period last year is mainly due non-recurring costs, including high commission costs linked to growth of recurring revenues, which amounted to -1.8 MSEK. In addition to the employed staff, the company also has commitments with specialized contractors and the total cost in the fourth quarter of 2024 amounted to -3.9 MSEK (-1.9 MSEK). These costs are recorded under Other Operating Expenses. Total number of consultants end of December 2024 amounted to 10 (6).

Depreciation and amortization in the fourth quarter 2024 amounted to -3.7 MSEK (-3.6).

Capitalized R&D for the fourth period amounted to 6.0 MSEK (9.2). The high value in previous year is the consequence of the higher capitalization rate decision which was applied in the fourth quarter 2023 retroactively for the full year.

Total operating expenses, including depreciation and amortization, in the fourth quarter 2024 amounted to -39.4 MSEK (-34.5).

The annual operating expenses run rate in the fourth quarter 2024, excluding depreciation and amortization, non-recurring items of -1.5 MSEK and cost of sales of -5.4 MSEK amounts to -115 MSEK in the fourth quarter 2024, -108 MSEK same period last year The average monthly operating expenses in the fourth quarter 2024, excluding depreciation and amortization, non-recurring cost items and cost of sales amounted to -9.6 MSEK (-9.0). 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 DECEMBER 2024

Net sales for the full year 2024 amounted to 84.1 MSEK (60.5), equivalent to an increase of 39% compared to the same period last year. The recurring revenues for the full year 2024 amounted to 83.5 MSEK (60.0), equivalent to 99% (99) of total net sales.

Personnel costs for the full year 2024 amounted to -90.6 MSEK (-88.4), an increase of 2% compared to the same period last year. The increase in personnel costs is due to the reorganization measures carried out by the organization, -8.6 MSEK. Headcount at the end of the year quarter amounted 59 (61) employees.

Depreciation and amortization in the full year 2024 amounted to -20.0 MSEK (-14.2). The increase corresponds to the amortization of the value of the Gecholog product, -4.2 MSEK. Capitalized R&D for the full year period amounted to 24.2 MSEK (20.9). The 16% increase is due to a higher capitalization rate.

FINANCIAL ITEMS AND TAX

Net financial items for the fourth quarter 2024 amounted to -2.3 MSEK (-9.9) and to -9.5 MSEK (14.4) for the full year 2024.

The interest income and costs for the fourth quarter 2024 amounted to -3.6 MSEK (-3.2), and to -14.2 MSEK (13.6) for the full year 2024. The interest cost for the credit facility in the fourth quarter 2024 amounted to -3.7 MSEK and to -14.5 MSEK for the full year 2024 (of which -10.8 MSEK correspond to real interest and -3.7 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 fourth quarter were impacted with -1.3 MSEK of currency exchange rate differences, of which -1.6 MSEK are unrealized exchange rate differences, and -0.3 MSEK are realized. For the full year 2024, 6.7 MSEK are unrealized exchange rates differences and -2.0 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 fourth quarter 2024 amounted to -1.3 MSEK (-8.6) and to -30.6 MSEK (-53.8) for the year 2024.

In the fourth quarter 2024, adjustments for items not affecting cash flow amounted to 1.4 MSEK (-2.9) and for the full year of 2024 to 2.8 MSEK (-2.1). 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 fourth quarter 2024 amounted to -6.6 MSEK (-12.7) and to -40.4 MSEK (-55.6) for the full year 2024.

Cash flow from investing activities in the fourth quarter 2024 amounted to -6.4 MSEK (-9.4) and to -24.8 MSEK (-21.3) for the full year 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 fourth quarter 2024 amounted to -0.0 MSEK (0.0) and to 68.5 MSEK (74.0) for the full year 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 5th of February, 2025, Teneo AI carried out a directed new issue of 120,000,000 shares, corresponding to SEK 60 million, of which 74,628,848 shares were resolved by the board of directors within the authorization granted by the annual general meeting on 26 June 2024 ("Tranche 1"), while 45,371,152 shares were resolved by the board of directors subject to approval from a subsequent extraordinary general meeting ("Tranche 2"). The subscription price of the shares in the directed share issue amounts to SEK 0.50 per share and was determined through an accelerated book building procedure led by Pareto Securities AB.

The company's cash and bank position as of December 31, 2024, amounted to 18.4 MSEK (15.2). Adjusted for 7.3 MSEK from payments of customer received in the first quarter 2025 and the planned gross proceeds from the directed issue providing the company with 60 MSEK, the cash and bank position would amount to 85.7 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 fourth quarter 2024 net sales amounted to 0.4 MSEK (0.4), and to 1.6 MSEK (1.5) for the full year 2024. All being recurring revenues. These are revenues from a single customer agreement entered into with the parent company.

Other operating income of 8.4 MSEK (7.9) refers to the services provided by the parent company to the group subsidiaries. Following consolidation rules, this impact is eliminated on group level.

For the year 2024 operating expenses amounted to -17.9 MSEK (-17.4). The parent company centralizes the contract with the group supplier of cloud services.

Net financial items for the fourth quarter of 2024 amounted to 2.8 MSEK (-55.3) of which 6.3 MSEK (5.9) relate to intercompany interests charged to the group. -2.8 MSEK (-2.6) relate to interest costs, -0.9 MSEK (-0.9) to capitalized transaction costs. Net financial items for the year of 2024 amounted to -7.3 MSEK (36.5) of which -5.3 MSEK (22.2) relate to interest costs and -1.8 MSEK (-1.8) to capitalized transaction costs,. 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

On February 5, 2025, Teneo AI carried out a directed issue of 120,000,000 shares, corresponding to 60 MSEK , of which 74,628,848 shares were resolved by the board of directors within the authorization granted by the annual general meeting on 26 June 2024 ("Tranche 1"), while 45,371,152 shares were resolved by the board of directors subject to approval from a subsequent extraordinary general meeting ("Tranche 2"). The subscription price of the shares in the directed share issue amounts to SEK 0.50 per share and was determined through an accelerated book building procedure led by Pareto Securities AB.

The company has a 5-year 250 MSEK loan maturing in December 2026 at an annual 4.00% flat interest rate. With the contemplated directed share issue, the company ensures that the company will capture the growth momentum in the operations in the US as well as meeting its 30 MSEK minimum liquidity covenant starting on March 31, 2025. The minimum liquidity covenant is recurring quarterly until maturity of the loan.

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.

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.

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 December 2024 amounted to 59 (61). The number of full-time equivalent employees in the group in December 2024, amounted to 57 (59). In addition to the employed staff, the company also has commitments with specialized contractors, 9 consultants in total at the end of December 2024.

EVENTS DURING 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.

Customers

In December 2024, the two Italian banks, BPM and Widiba, renewed their license agreements. TIAA, a US based large bank, renewed license agreement for one more year.

Partners

Teneo.ai's partner Business Systems Ltd. signed a new customer agreement to deliver advanced Voice AI technology to a leading Swiss enterprise.

EVENTS AFTER THE QUARTER

Directed Share Issue Raises 60 MSEK

On February 5, 2025, the board of directors of Teneo.ai resolved on a directed share issue, partly based on the authorization granted by the annual general meeting on 26 June 2024 of 74,628,848 shares (Tranche 1), and (ii) partly conditional upon approval by an extraordinary general meeting (the "EGM") of the board's resolution for a directed share issue of 45,371,152 shares (Tranche 2).

The subscription price in the directed share issue was SEK 0.50 per share and was determined through an accelerated book building procedure carried out by the company's financial advisor Pareto Securities AB. It is therefore the board of directors' assessment that the terms for the directed share issue and the subscription price per share reflects prevailing market conditions and investor demand. The subscription price per share in the directed share issue constituted a discount of approximately 16.0 percent compared to the closing price on Nasdaq First North Growth Market on February 5, 2025. The directed share issue amounts to a total of 60 MSEK before transactional costs, of which approximately 37.3 MSEK will be received through Tranche 1 and approximately SEK 22.7 million through Tranche 2.

Through the directed share issue, and provided that Tranche 2 is approved by the EGM, the number of outstanding shares in the company will increase by 120,000,000 shares, from 373,144,240 shares to 493,144,240 shares and the share capital will increase by SEK 52,688,356.176213, from SEK 163,836,305.185187 to SEK 216,524,661.361400. The directed share issue entails a dilution of approximately 24.3 percent of the number of shares and votes in the company based on the number of shares and votes following the directed share issue.

A large number of Swedish and international institutional investors participated in the directed share issue which was heavily oversubscribed, including existing shareholders Arpeggio AB, Martin Bjäringer, SEB-Stiftelsen and Stockhorn Capital AB as well as new investors including funds managed by Claesson & Anderzén.

The number of outstanding shares at the date of preparing this report and after registration of tranche 1 amounts to 447,773,088.

Employees

Teneo.ai appointed Lee A. Kayne as Director of Partnerships and Strategic Accounts for North America and is continuing to expand the US sales team to execute on the strategy to grow in the US.

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	9,256,786	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 9,256,786 new shares, equivalent to a dilutive impact of 2.3%.

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 outstanding shares as of December 31, 2024, amounted to 373,144,240.

	31 DEC 2024	31 DEC 2023
Number of shares at the end of the period	373,144,240	102,429,090
Average number of shares before dilution	304,920,097	87,196,772
Average number of shares after dilution	304,920,097	87,196,772

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

Shareholders	Capital %
Stockhorn Capital AB	18.1%
Sven Härgestam	11.0%
SEB-Stiftelsen	10.7%
Theodor Jeansson Jr.	6.3%
Avanza Pension	3.6%
AB Couronne	3.1%
Sunhold B.V.	2.1%
Niclas Nyström	2.1%
Staffan Bohman	1.8%
Johan Hernmarck through company	1.8%

With the approved directed share issue on February 5, 2025, Teneo AI AB will increase its outstanding shares by 120,000,000, from 373,144,240 shares to 493,144,240 shares and the share capital will increase by SEK 52,688,356.176213, from SEK 163,836,305.185187 to SEK 216,524,661.361400. The number of outstanding shares at the date of preparing this report and after registration of tranche 1 amounts to 447,773,088.

AUDIT REVIEW REPORT

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

FINANCIAL CALENDAR

- Extraordinary General Meeting
  February 27, 2025
- Interim Report for the first quarter of 2025
  April 30, 2025
- Annual Report Publication
  June 2, 2025
- Annual General Meeting 2025
  June 25, 2025
- Interim Report for the second quarter of 2025
  August 19, 2025
- Interim Report for the third quarter of 2025
  October 23, 2025
- Interim Report for the fourth quarter of 2025
  February 18, 2026

Stockholm, February 20, 2025

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	OCT-DEC 2024	OCT-DEC 2023	JAN-DEC 2024	JAN-DEC 2023
Net Sales	26.5	15.8	84.1	60.5
Capitalized amount for own accounts	6.0	9.2	24.2	20.9
Other operating income	0.0	0.0	2.1	-1.2
Total operating income	**32.5**	24.9	**110.5**	**80.3**
Personnel costs	-21.5	-17.9	-90.6	-88.4
Other external costs	-14.2	-13.1	-55.9	-50.1
Depreciation and amortization on fixed assets	-3.7	-3.5	-20.0	-14.2
Other operating expenses	0.0	-0.0	0.0	-0.0
Total operating expenses	**-39.4**	**-34.5**	**-166.5**	**-152.7**
Operating loss	**-6.9**	**-9.6**	**-56.0**	**-72.4**
Net financial items	-2.3	-9.9	-9.5	14.4
Loss after financial items	**-9.1**	**-19.5**	**-65.5**	**-58.0**
Tax on result for the period	0.0	0.0	0.0	0.0
NET RESULT FOR THE PERIOD	**-9.1**	**-19.5**	**-65.5**	**-58.0**

GROUP CONSOLIDATED BALANCE SHEET

MSEK	31 DEC 2024	31 DEC 2023
ASSETS		
Non-current assets		
Capitalized expenditure for licensed software and development	46.1	39.6
Equipment, furniture, and fitting	0.6	0.6
Other non-current receivables	1.1	1.1
Total non-current assets	**47.8**	**41.3**
Current assets		
Current receivables	19.3	22.9
Cash and bank balances	18.4	15.2
Total current assets	**37.8**	**38.1**
TOTAL ASSETS	**85.6**	**79.4**
EQUITY AND LIABILITIES		
Equity		
Share capital	163.8	119.1
Share premium reserve	1,400.0	1,376.1
Other equity including result for the period	-1,785.1	-1,715.8
Total Equity	**-221.3**	**-220.6**
Non-current liabilities		
Liabilities to other lenders	264.8	250.5
Total non-current liabilities	**264.8**	**250.5**
Current liabilities		
Current liabilities	9.6	13.1
Accrued expenses and deferred income	32.6	36.4
Total current liabilities	**42.1**	**49.6**
TOTAL EQUITY AND LIABILITIES	**85.6**	**79.4**

GROUP CONSOLIDATED CASH FLOW STATEMENT

MSEK	OCT-DEC 2024	OCT-DEC 2023	JAN-DEC 2024	JAN-DEC 2023
Operating Activities				
Operating Loss	**-6.9**	**-9.6**	**-56.0**	**-72.4**
Items not affecting Cash Flows				
Depreciation/amortization on assets	3.7	3.5	20.0	14.2
Other Adjustments	1.4	-2.9	2.8	-2.1
Items affecting Cash Flows				
Interest Paid and received	-0.1	0.1	-1.7	1.1
Taxation paid and received	0.6	0.4	4.4	5.4
Cash flow from operating activities before changes in working capital	**-1.3**	**-8.6**	**-30.6**	**-53.8**
Changes in working capital	-5.3	-4.1	-9.9	-1.8
Cash flow from operating activities	**-6.6**	**-12.7**	**-40.4**	**-55.6**
Cash flow from investing activities	-6.4	-9.4	-24.8	-21.3
Cash flow from financing activities	-	-	68.5	74.0
Net change in cash and cash equivalents	**-13.0**	**-22.1**	**3.2**	**-3.0**
Cash and cash equivalents beginning of the period	31.5	37.3	15.2	18.2
Cash and cash equivalents end of the period	**18.4**	**15.2**	**18.4**	**15.2**

GROUP CONSOLIDATED CHANGE IN EQUITY

MSEK	31 DEC 2024	31 DEC 2023
Amount Brought Forward	**-220.6**	**-233.7**
New Issue of Shares	75.6	95.9
Transaction costs	-7.0	-23.5
Warrant premiums	0.0	-0.1
Results for the period	-65.5	-58.0
Translation difference	-3.8	-1.2
Amount Carried Forward	**-221.3**	**-220.6**

KEY RATIOS

	OCT-DEC 2024	OCT-DEC 2023	JAN-DEC 2024	JAN-DEC 2023
Net sales (MSEK)	26.5	15.8	84.1	60.5
Recurring revenues (MSEK)	26.3	15.7	83.5	60.0
ARR (MSEK)	103.9	63.0	103.9	63.0
SaaS ARR (MSEK)	75.1	31.0	75.1	31.0
SaaS API Call Revenues (MSEK)	14.8	3.8	36.3	15.9
SaaS API Call Volumes (average Million)	60.3	18.1	60.3	18.1
NRR %	135%	145%	135%	145%
Gross margin %	80%	77%	79%	67%
Gross margin % (excl. commission)	87%	75%	83%	72%
EBITDA adjusted (MSEK)	-1.7	-5.8	-22.3	-50.7
Earnings per share (SEK)	-0.0	-0.2	-0.2	-0.6

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENT

MSEK	OCT-DEC 2024	OCT-DEC 2023	JAN-DEC 2024	JAN-DEC 2023
Net Sales	0.4	0.4	1.6	1.5
Other operating income	8.4	7.9	8.4	7.9
Total operating income	**8.8**	**8.3**	**10.0**	**9.5**
Other external costs	-0.5	-0.4	-17.9	-17.4
Total operating expenses	**-0.6**	**-0.4**	**-17.9**	**-17.4**
Operating profit	**8.3**	**7.9**	**-7.9**	**-8.0**
Net financial items	2.8	-55.3	-7.3	-36.5
Result after financial items	**11.0**	**-47.4**	**-15.2**	**-44.5**
Tax on result for the period	0.0	-	0.0	-
NET RESULT FOR THE PERIOD	**11.0**	**-47.4**	**-15.2**	**-44.5**

PARENT COMPANY BALANCE SHEET

MSEK	31 DEC 2024	31 DEC 2023
ASSETS		
Non-current assets		
Receivable from Group companies	181.9	115.8
Financial assets	283.6	283.6
Other Intangible	0.2	-
Other non-current receivables	-	-
Total non-current assets	**465.8**	**399.5**
Current assets		
Current receivables	2.1	2.8
Cash and bank balances	12.8	11.8
Total current assets	**14.9**	**14.6**
TOTAL ASSETS	**480.8**	**414.0**
EQUITY AND LIABILITIES		
Equity		
Share capital	163.8	119.1
Share premium reserve	1,400.0	1,376.1
Other equity including result for the period	-1,354.9	-1,339.7
Total Equity	**208.9**	**155.5**
Non-current Liabilities		
Liabilities to other lenders	264.8	250.5
Total non-current liabilities	**264.8**	**250.5**
Current liabilities		
Current liabilities	2.7	4.8
Accrued expenses and deferred income	3.2	2.3
Total current liabilities	**7.1**	**8.0**
TOTAL EQUITY AND LIABILITIES	**480.8**	**414.0**

PARENT COMPANY CASH FLOW STATEMENT

MSEK	OCT-DEC 2024	OCT-DEC 2023	JAN-DEC 2024	JAN-DEC 2023
Operating Activities				
Operating Result	**8.3**	**7.9**	**-7.9**	**-8.0**
Items not affecting Cash Flows				
Depreciation/amortization on assets	-	-	-	-
Other Adjustments	-	-0.3	-	-0.4
Other items affecting Cash Flows				
Interest paid and received	0.8	0.7	0.6	0.7
Taxation paid and received	-	-	-	-
Cash flow from operating activities before changes in working capital	**9.1**	**8.3**	**-7.3**	**-7.6**
Changes in working capital	**-25.0**	**-22.0**	**-60.0**	-64.7
Cash flow from operating activities	**-15.9**	**-13.8**	**-67.3**	**-72.3**
Cash flow from investing activities	-	-	-0.3	-
Cash flow from financing activities	-	-	68.6	73.7
Net change in cash and cash equivalents	**-15.9**	**-13.8**	**1.0**	**1.5**
Cash and cash equivalents beginning of the period	28.7	25.6	11.8	10.3
Cash and cash equivalents end of the period	**12.8**	**11.8**	**12.8**	**11.8**

PARENT COMPANY CHANGE IN EQUITY

MSEK	31 DEC 2024	31 DEC 2023
Amount Brought Forward	**155.5**	**127.8**
New Issue of Shares	75.6	95.9
Transaction Costs	-7.0	-23.5
Warrants	0.0	-0.1
Results for the period	-15.2	-44.5
Amount Carried Forward	**208.9**	**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 February 20, 2025, 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; 36% in the whole company.

21

A multicultural workforce with 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.

AI Agents in Production

17,000

Teneo has surpassed 17,000 customer developed AI agents in production, making it the largest deployment of AI in customer service to date.

NLU Accuracy

99%

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.

