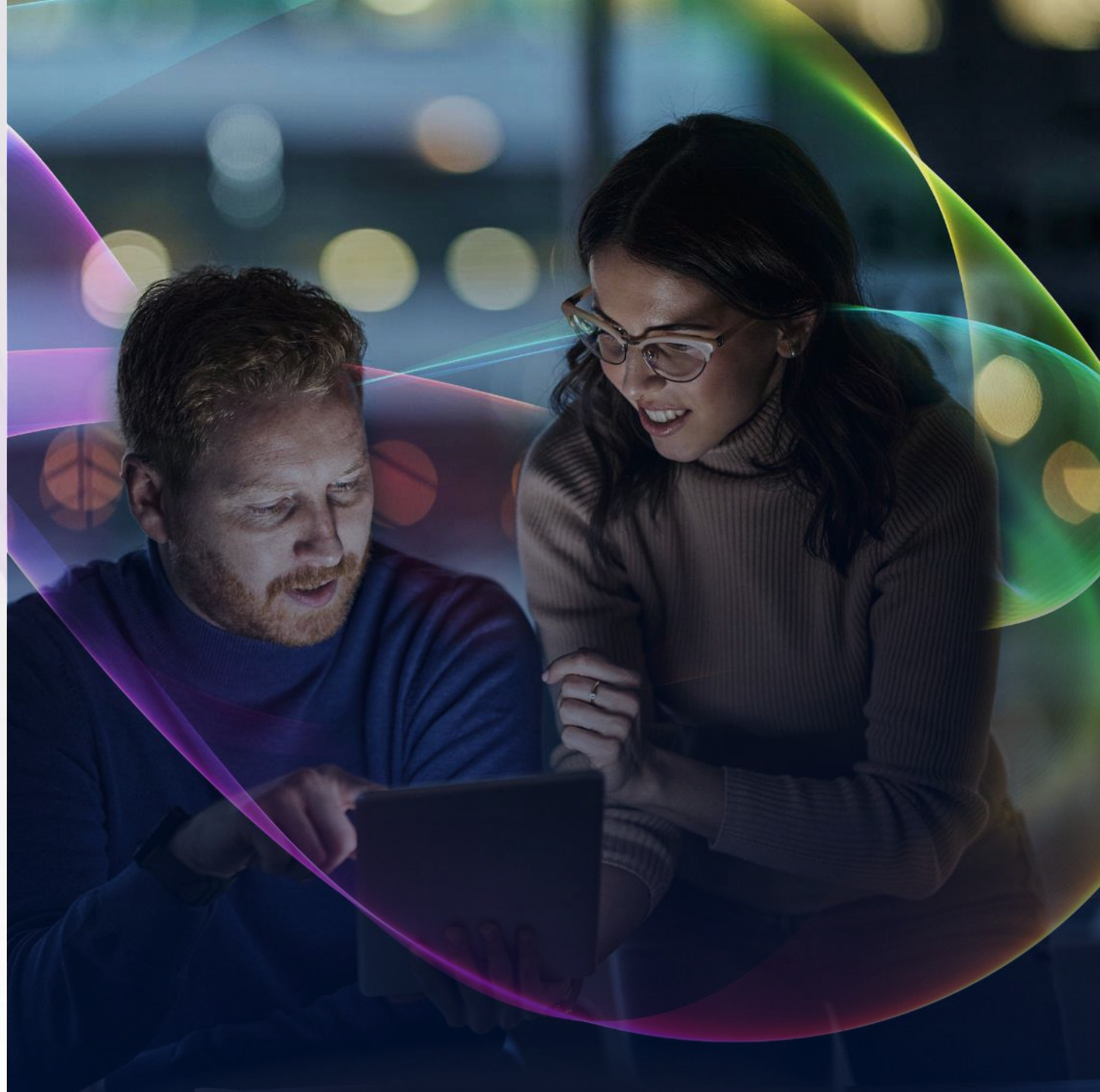


3Q 2023

Earnings Call
Supplementary Slides

 audiocodes





Safe Harbor

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical facts, including, without limitation, future financial and business performance for the second quarter 2023, attractiveness of our product offerings and platform and the value proposition of our products, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “guide,” “may,” “will” and similar expressions and their negatives are intended to identify forward looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, including, without limitation, risks related to our rapid growth and ability to sustain our revenue growth rate, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to expand effectively into new markets, risks that the anticipated benefits of an acquisition may not be fully realized or may take longer to realize than expected, the effects of the current terrorist attacks by Hamas, and the war and hostilities between Israel and Hamas and Israel and Hezbollah as well as the possibility that this could develop into a broader regional conflict involving Israel with other parties, may affect our operations and may limit our ability to produce and sell our solutions, any disruption in our operations by the obligations of our personnel to perform military service as a result of current or future military actions involving Israel, our ability to operate in compliance with applicable laws, as well as other risks and uncertainties set forth in the “Risk Factors” section of our latest Form 20-F filed with the Securities and Exchange Commission and any subsequent reports that we file with the Securities and Exchange Commission. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no obligation to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

This presentation also includes certain guidance on non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company’s non-GAAP financial measures as tools for comparison. The Company provides a reconciliation of certain non-GAAP measures to the most directly comparable GAAP measures, which are available in the earnings press release for the relevant period and in the appendix of this presentation.

Therefore, please review the information contained in our press release, dated November 2, 2023, with respect to our earnings for fiscal year Q3 2023 (the “Q3 Press Release”). The Q3 Press Release contains additional information regarding our financial outlook and certain non-GAAP metrics and their reconciliations.

The information contained in this presentation, or delivered or to be delivered in connection with this presentation, does not constitute an offer, express or implied, or a recommendation to do any transaction, or make any investment, in our securities or in any securities of our affiliates or subsidiaries.



AudioCodes Scale & Reach

We are the
leading provider
of enterprise
voice cloud
services



9

of Fortune Top
10 Enterprises



#1

Microsoft Teams Phone Partner



65

of Fortune 100
Companies are
Customers



938

Employees as
of 9/30/23



120

Countries



3Q'23 Financial Highlights

- Total revenues of **\$61.6M** vs. \$60.0M in 2Q'23, up **2.6%** QoQ
- Service revenues of **\$30.6M** vs \$28.5M in 2Q'23, up **7.4%** QoQ
- Non-GAAP gross margin of **67.3%** vs. 64.5% in 2Q'23
- Non-GAAP operating margin at **15.5%** vs. 9.5% in 2Q'23
- Non-GAAP EPS of **\$0.25** vs. \$0.16 in 2Q'23



3Q'23 Business Performance



Microsoft
business
increased
13% YoY



Customer
Experience (CX)
business
increased **13%**
YoY



Conversational
AI business
increased **>50%**
YoY




Live ARR
increased **>50%**
YoY



Service provider/
Other revenues
declined **53% YoY**



3Q'23 Operational and Customer Highlights

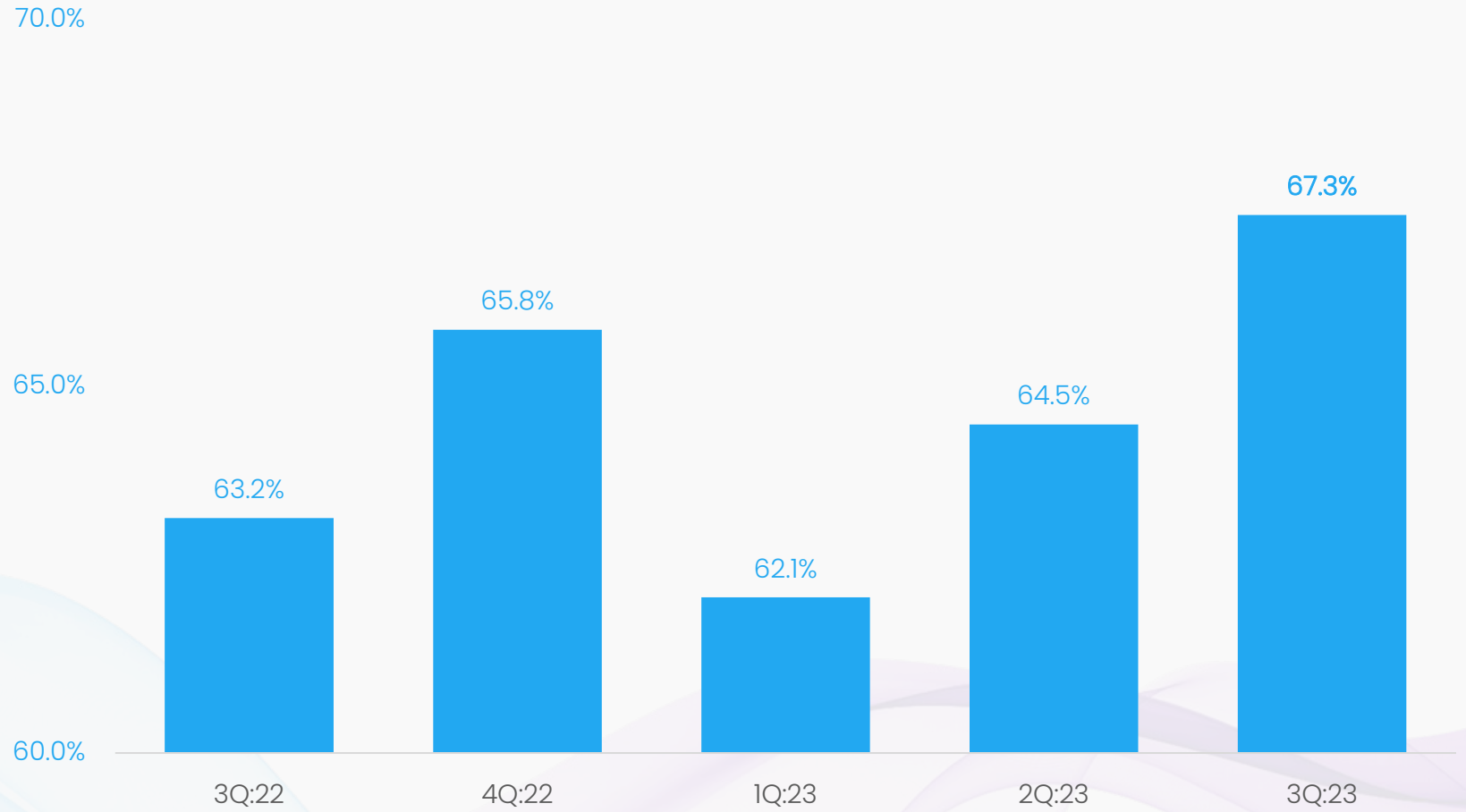
- AudioCodes again ranked #1 Enterprise SBC vendor in 2Q'23 by Omdia 
- Signed a 36-month contract with a tier-1 system integrator, providing conversational IVA system to a large auto service firm with a broad distribution of local affiliates across the US 
- Signed a 36-month contract with a tier-1 system integrator, providing Live Premium services to a large government agency 
- Won initial award with a US federal agency for Teams native solution wrapped with professional services 
- Received follow-on awards from tier-1 system integrator for completing migration of a US healthcare firm to Microsoft Teams voice from legacy telephony solution 
- Live ARR increased over 50% to \$43 million 





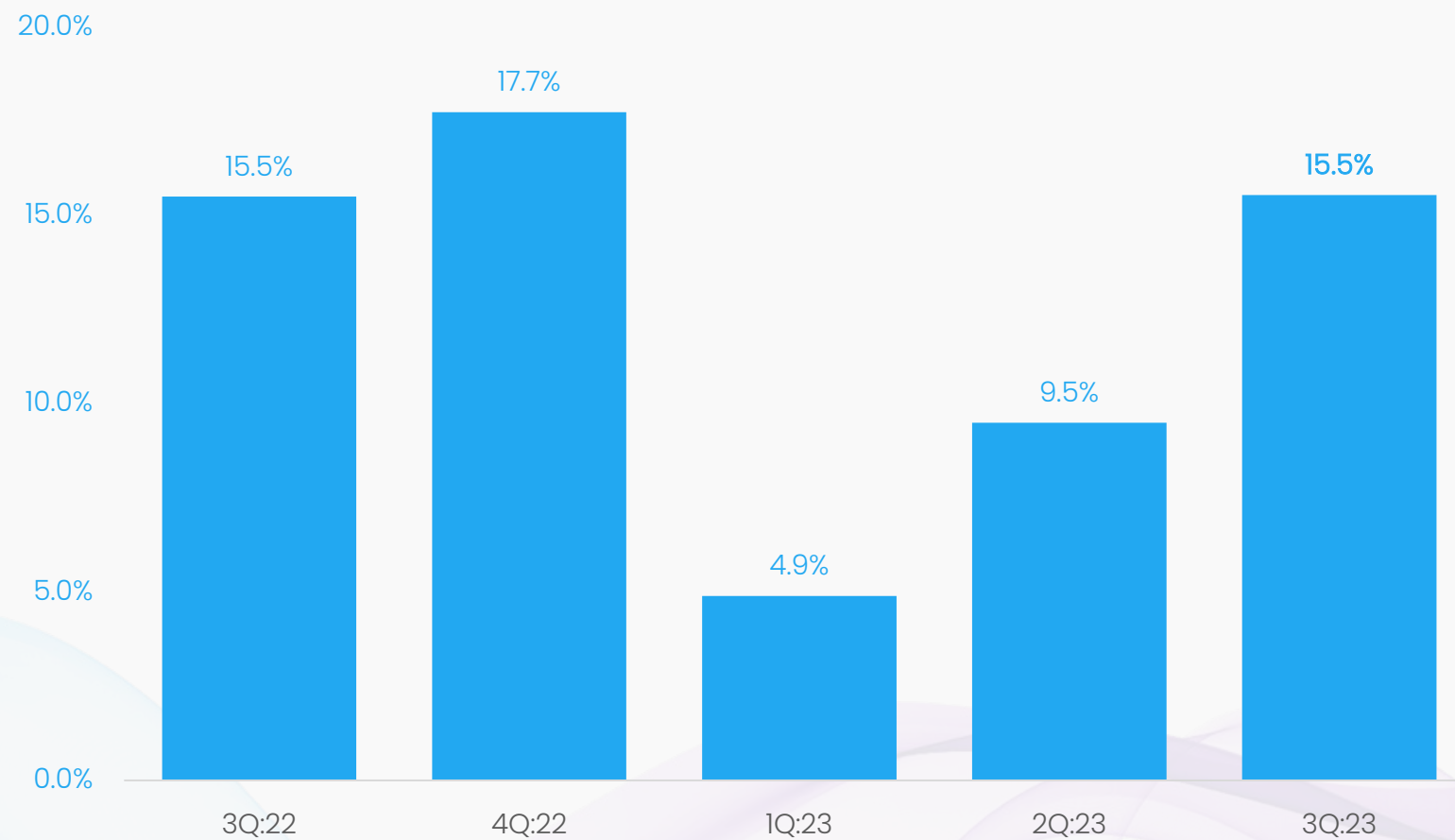
Non-GAAP Gross Margin

Sequential margin improvement from more favorable product/ service mix and more efficient utilization of service resources





Non-GAAP Operating Margin



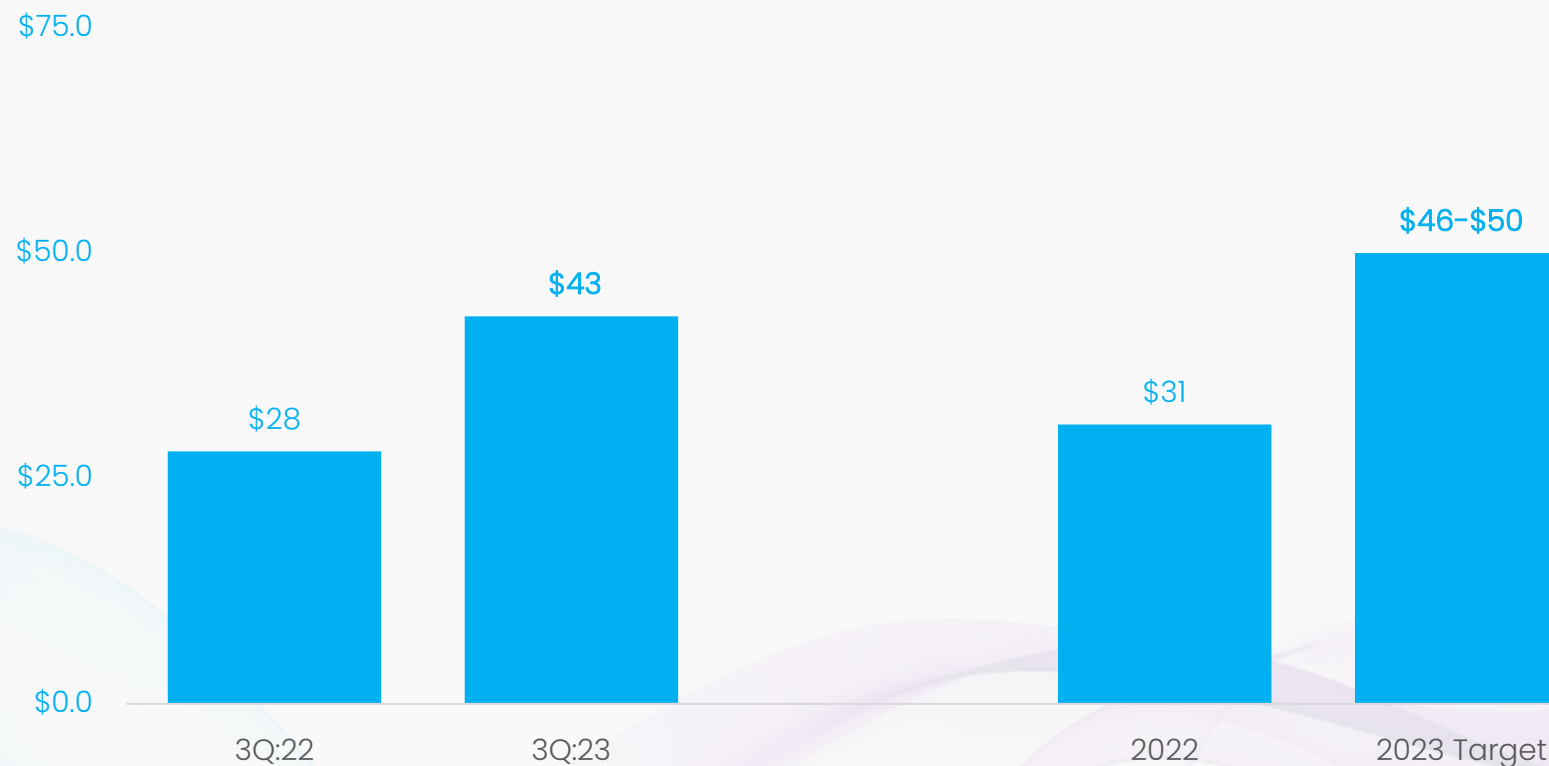


AudioCodes Live ARR

Ongoing momentum with 3Q ARR up >50% year-over-year



(USD Millions)





2023 Outlook



Revenues (in million)

\$240 - \$250



Non-GAAP EPS

\$0.65-\$0.75

Financial Model And Long-Term Targets

	3Q22	4Q22	1Q23	2Q23	3Q23	Long-Term Targets
Revenue growth year-over-year	10.0%	6.9%	-10.8%	-12.2%	-11.7%	6%-12%
Non-GAAP EPS growth year-over-year *						25%-50%
Non-GAAP Gross margin	63.2%	65.8%	62.1%	64.5%	67.3%	65%-68%
Non-GAAP OPEX as % of revenues	47.7%	48.0%	57.2%	55.0%	51.8%	47%-50%
Non-GAAP Operating margin	15.5%	17.7%	4.9%	9.5%	15.5%	15%-20%

* 2023 quarterly earnings: 1Q - \$0.08; 2Q - \$0.16; 3Q - \$0.25



GAAP to Non-GAAP Reconciliation

AUDIOCODES LTD. AND ITS SUBSIDIARIES RECONCILIATION OF GAAP NET INCOME TO NON-GAAP NET INCOME

U.S. dollars in thousands, except per share data

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
GAAP net income	\$ 5,125	\$ 20,917	\$ 4,252	\$ 5,373
GAAP net earnings per share	\$ 0.16	\$ 0.64	\$ 0.14	\$ 0.17
Cost of revenues:				
Share-based compensation (1)	304	300	94	126
Amortization expenses (2)	379	570	122	190
Lease expenses (7)	322	-	322	-
	1,005	870	538	316
Research and development, net:				
Share-based compensation (1)	2,090	2,642	649	755
Deferred payments expense (3)	375	375	125	125
Lease expenses (7)	362	-	362	-
	2,827	3,017	1,136	880
Selling and marketing:				
Share-based compensation (1)	3,380	4,694	1,050	1,543
Amortization expenses (2)	33	33	11	11
Deferred payments expense (3)	375	375	125	125
Lease expenses (7)	40	-	40	-
	3,828	5,102	1,226	1,679
General and administrative:				
Share-based compensation (1)	3,242	3,734	814	1,212
Other Income (4)	-	(1,093)	-	(283)
Lease expenses (7)	80	-	80	-
	3,322	2,641	894	929
Financial expenses (income):				
Exchange rate differences (5)	(1,237)	(1,094)	(767)	121
Income taxes:				
Deferred tax (6)	1,247	1,576	1,023	1,223
Non-GAAP net income	\$ 16,117	\$ 33,029	\$ 8,302	\$ 10,521
Non-GAAP diluted net earnings per share	\$ 0.49	\$ 0.99	\$ 0.25	\$ 0.32
Weighted average number of shares used in computing Non-GAAP diluted net earnings per share (in thousands)	32,870	33,449	32,576	33,231

- (1) Share-based compensation expenses related to options and restricted share units granted to employees and others.
- (2) Amortization expenses related to intangible assets.
- (3) Expenses related to deferred payments in connection with the acquisition of Callverso Ltd.
- (4) Other income related to a payment made to AudioCodes Inc. in connection with the termination of a lease agreement for its offices in New Jersey.
- (5) Financial income or expenses related to exchange rate differences in connection with revaluation of assets and liabilities in non-dollar denominated currencies.
- (6) Non-cash deferred tax expense.

Thank You

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