1Q 2025

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 first quarter 2025, 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 May 6, 2025, with respect to our earnings for fiscal year Q1 2025 (the "Q1 Press Release"). The Q1 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 and conversational AI applications

9
of Fortune Top 10 Enterprises

#1
Microsoft Teams Phone Partner

Microsoft

65
of Fortune 100 Companies are Customers

962
Employees as of 3/31/25

120
Countries

audiocodes
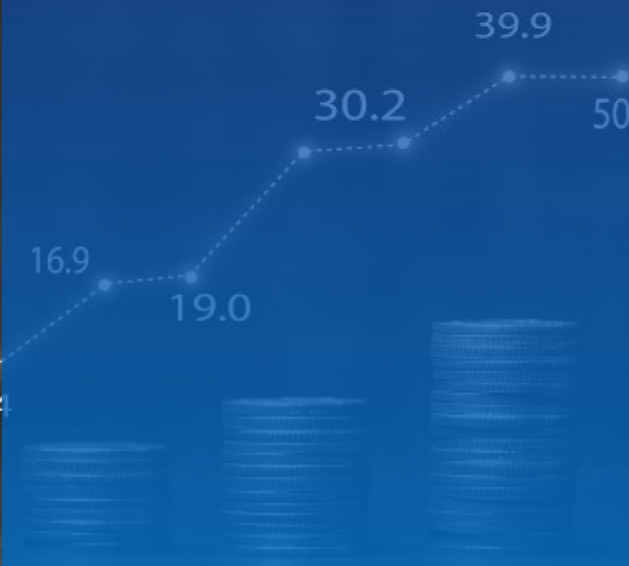
1Q'25 Financial Highlights

→ Total revenues of **$60.4M** vs. $60.1M in 1Q'24, up **0.5%** YoY

→ Service revenues of **$32.6M** vs $31.5M in 1Q'24, up **3.4%** YoY

→ Non-GAAP gross margin of **65.2%** vs. 65.2% in 1Q'24

→ Non-GAAP operating margin at **8.9%** vs. 10.5% in 1Q'24

→ Non-GAAP EBITDA margin of **10.2%** vs. 11.2% in 1Q'24

→ Non-GAAP EPS of **$0.15** vs. $0.17 in 1Q'24

aC audiocodes

1Q'25 Business Performance

Microsoft Teams business increased 7% YoY

Customer Experience (CX) business increased 2% YoY

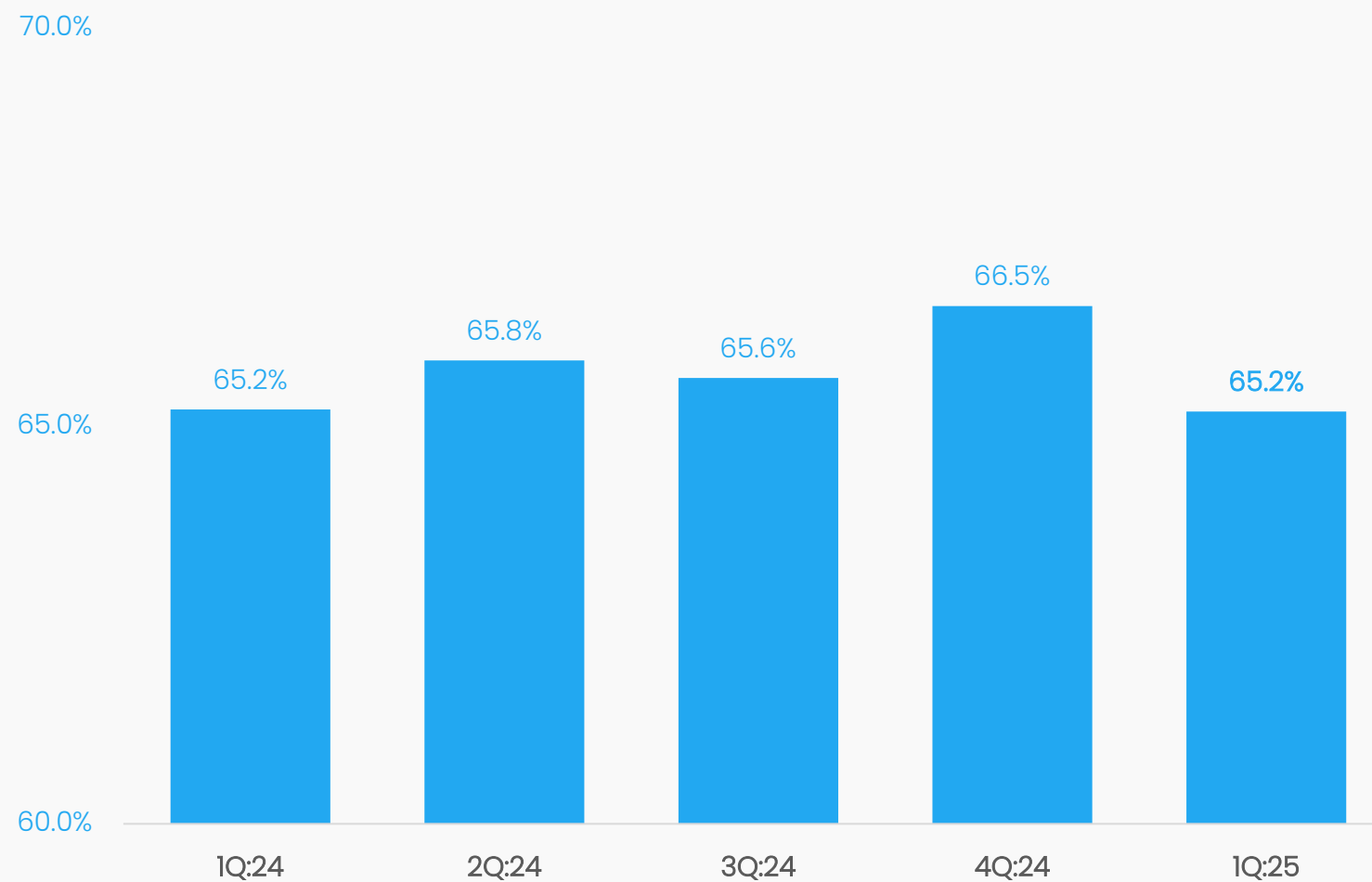**Conversational AI business increased >10% YoY**
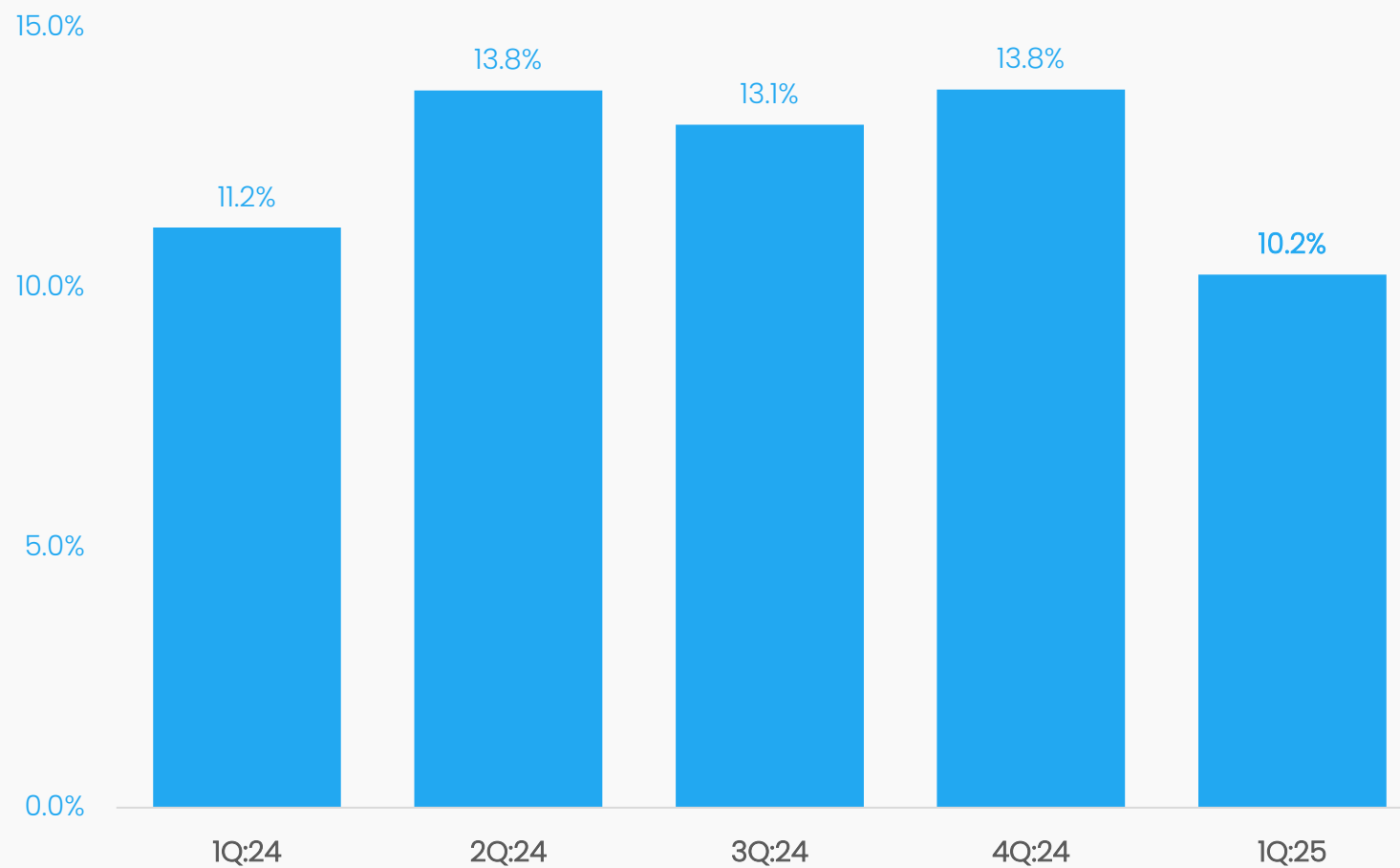
Live ARR increased ~25% YoY

audiocodes

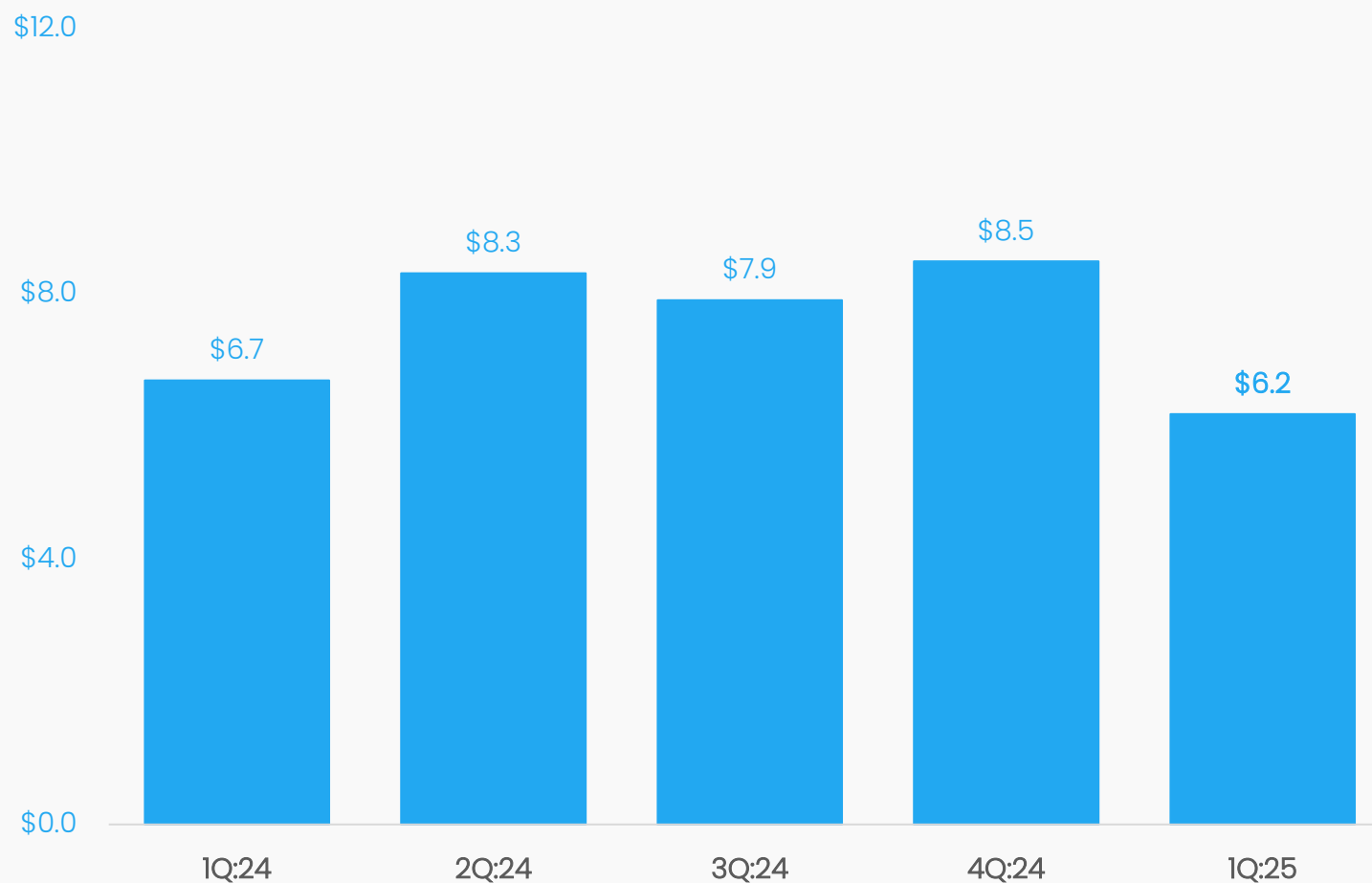# Non-GAAP Gross Margin

70.0%

66.5%

65.8%
65.6%
65.2%   65.2%

65.0%

60.0%

1Q:24   2Q:24   3Q:24   4Q:24   1Q:25

audiocodes

Non-GAAP EBITDA Margin

Bar chart — Non-GAAP EBITDA Margin by quarter:
- 1Q:24 — 11.2%
- 2Q:24 — 13.8%
- 3Q:24 — 13.1%
- 4Q:24 — 13.8%
- 1Q:25 — 10.2%

audiocodes

Non-GAAP EBITDA

(in million)

Bar chart showing Non-GAAP EBITDA in millions by quarter:
- 1Q:24 — $6.7
- 2Q:24 — $8.3
- 3Q:24 — $7.9
- 4Q:24 — $8.5
- 1Q:25 — $6.2

audiocodes

AudioCodes Live ARR

audiocodes Live

(USD Millions)

$100

$78-$82

$67

$65

$53

$50

$0

| 1Q:24 | 1Q:25 | | 2024 | 2025 Target |

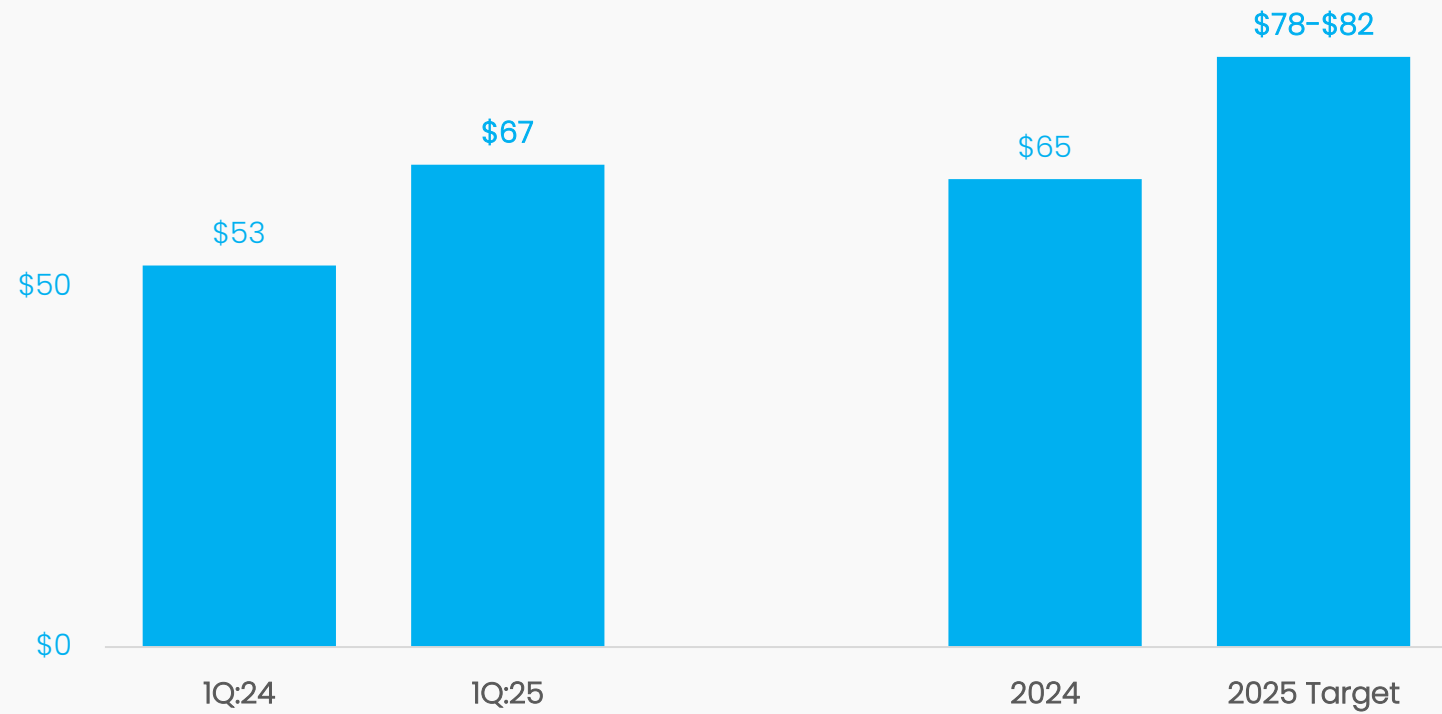**audiocodes**

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

	Three months ended March 31,	
	2025	2024
	(Unaudited)	
GAAP net income	$ 4,016	$ 2,083
GAAP net earnings per share	$ 0.13	$ 0.07
Cost of revenues:		
Share-based compensation (1)	95	79
Amortization expenses (2)	122	122
Lease expenses (5)	-	304
	217	505
Research and development, net:		
Share-based compensation (1)	349	592
Lease expenses (5)	-	342
	349	934
Selling and marketing:		
Share-based compensation (1)	569	723
Amortization expenses (2)	11	11
Lease expenses (5)	-	38
	580	772
General and administrative:		
Share-based compensation (1)	575	742
Lease expenses (5)	-	76
	575	818
Financial expenses (income):		
Exchange rate differences (3)	(1,035)	(364)
Income taxes:		
Taxes on income, net (4)	-	471
Non-GAAP net income	$ 4,702	$ 5,219
Non-GAAP diluted net earnings per share	$ 0.15	$ 0.17
Weighted average number of shares used in computing Non-GAAP diluted net earnings per share (in thousands)	30,725	31,570

(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)   Financial income (expenses) related to exchange rate differences in connection with revaluation of assets and liabilities in non-dollar denominated currencies.
(4)   Tax impact which relates to our non-GAAP adjustments.
(5)   In Q1 2024, non-cash lease expense which is required to be recorded during the quarter even though this is a free rent period under the lease for the Company's new headquarters.

Note: Non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP. The Company believes that non-GAAP information is useful because it can enhance the understanding of its ongoing economic performance and therefore uses internally this non-GAAP information to evaluate and manage its operations. The Company has chosen to provide this information to investors to enable them to perform comparisons of operating results in a manner similar to how the Company analyzes its operating results and because many comparable companies report this type of information.

Thank You!

audiocodes